

FINANCIAL INSTITUTIONS BUREAU

STATE OF MICHIGAN



ANNUAL REPORT 1997

MISSION STATEMENT

The mission of the Financial Institutions Bureau (Bureau) is to maintain a regulatory climate conducive to healthy, competitive, and responsible financial institutions and, thereby, instill public confidence in these institutions. To fulfill this mission, the Bureau has four major goals:

- 1. To ensure that financial institutions operate safely, soundly and in compliance with applicable law.*
- 2. To ensure that financial services are available to meet the needs of Michigan citizens.*
- 3. To provide a full range of competitive opportunities to financial institutions.*
- 4. To encourage financial institutions to advance economic development.*

These goals are achieved through supervisory and regulatory processes, by developing a highly efficient and effective staff, and by developing and maintaining open lines of communication with consumers, financial institutions, governmental agencies, and others.

The Bureau operates under five guiding principles:

- 1. Dedication to excellence.*
- 2. Achieving results through teamwork.*
- 3. Maintaining a commitment to integrity.*
- 4. Maintaining a focus on our mission and goals.*
- 5. Commitment to sound management practices.*

John Engler
Governor



**CONSUMER
& INDUSTRY
SERVICES**

Kathleen M. Wilbur
Director
Department of Consumer
and Industry Services



Patrick M. McQueen
Commissioner
Financial Institutions Bureau

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THE MICHIGAN FINANCIAL INSTITUTIONS BUREAU

The Bureau's Home Page address is:
<http://www.cis.state.mi.us/fib/> please visit us soon!

COMMISSIONER'S COMMENTS



A handwritten signature in dark ink, reading "Patrick M. McQueen". The signature is fluid and cursive, with the first name being the most prominent.

Patrick M. McQueen
Commissioner

It is my pleasure to present the 109th annual report of the Financial Institutions Bureau to Governor John Engler, the legislature and the citizens of the Great State of Michigan.

In the big picture, 1997 brought to us:

- A healthy fear of the “millennia bug.” With all of our advances in technology, we are apparently being “held hostage” by computer code that was never expected to bridge into the 21st century.
- Continued consolidation of the banking industry with no apparent end in sight. Along with continuing consolidation, interstate branching activities are taking hold especially among Michigan and our neighboring states to the south, Ohio and Indiana.
- A renewed interest in *de novo* state bank charters, with 6 new banks chartered in Michigan in 1997, for a total of 25 new banks since 1989. The state charter continues to be the charter of choice for new banks.
- A growing tendency for federal banking laws and regulations to preempt state laws. The Comptroller of the Currency, aided by federal courts, has been aggressive in overriding state law. A 1997 amendment to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 provides identical pre-emptions to a state-chartered bank operating in a host state. The end result is that each state has less and less influence over the institutions doing business within its boundaries.
- A renewed interest in the federal thrift charter. The Office of Thrift Supervision was expected to be legislated out of existence in the near term; however, renewed interest by numerous entities, including insurance companies, securities firms, industrial concerns and others has resulted in several pending and many approved charter applications that will forever alter the financial services landscape. Without any recent input from Congress, federal regulators, especially the Office of Thrift Supervision, are eliminating the barriers among commerce, securities underwriting, insurance, and banking.
- Unprecedented levels of competition among financial service providers for consumers’ business. Traditional sources of “banking” products, namely banks, thrifts, and credit unions, are now being challenged by retailers, brokers, utilities, and a host of others. In 1997 alone, for example, we licensed 959 new mortgage brokers, for a total of 1,440

mortgage brokers at year-end 1997, a nearly 200 per cent increase over year-end 1992.

In the Bureau, 1997 brought to us:

- A smaller Bureau. Ten FIB staffers took advantage of the state's early retirement program in 1997, the most recent being our long-time Chief Deputy Commissioner, Russell S. Kropschot. In keeping with Governor Engler's objective of reducing the size of state government, FIB responded to the retirements by reorganizing and streamlining the bureau. In fact, the bureau now has 123 employees, 13 fewer than when I took office in 1992.
- New leadership. With Russ Kropschot's retirement, Gary K. Mielock was named Chief Deputy Commissioner, responsible for overseeing most of our staff and an annual budget of over \$11 million. Prior to joining the Bureau in 1974, Gary was a trust officer at Manufacturers National Bank of Detroit. He has held progressively more responsible positions with the FIB, and was named Deputy Commissioner in 1981. In 1995 Gary was elected to a one-year term as Chairman of the Board of the National Association of State Credit Union Supervisors (NASCUS); he served as a member of the NASCUS Board for six years.
- A "flatter" organization chart. We abolished the Office of Regulation, the Office of Policy, and the Office of Administration, leaving six divisions whose directors report to newly-appointed Chief Deputy Commissioner Mielock.
- Establishment of a Risk Manager position to better identify and deal with elements of risk. Joe Petterson, formerly assistant director of the Bank and Trust Division, was named to that position.
- Greater reliance on the internet to communicate with our various constituents. Our homepage on the internet (<http://www.cis.state.mi.us/fib>) contains such information as our regulations, bulletins, legislative updates, lists of new banks, press releases, and staff information. We have recently added lists of all state-chartered depository lenders and other regulated financial service providers. Our customers now have the option of downloading any FIB form needed, from a charter application to a customer complaint form.
- A Bureau "Intranet" for internal use, which includes all bureau manuals, minutes, employee information, and strategic planning documents. We are well on our way to becoming a "paperless" Bureau!

CREDIT UNIONS

At year-end 1997, Michigan credit unions totaled 507, about two thirds of them state-chartered. Michigan's 320 state-chartered credit unions held assets totaling \$10.8 billion and provided financial services to about 2.5 million members. Our state continues to be a national leader in the credit union movement.

The AT&T Family Credit Union case, in which bankers filed a lawsuit challenging the National Credit Union Administration's interpretation of federal law as it related to multiple group fields of membership, culminated in a United States Supreme Court decision that limited membership in a federally-chartered credit union to a single group.

While the field-of-membership issue did not directly impact state-chartered credit unions, it has certainly rallied solid support for the credit union movement in the shape of HR 1151. The United States Congress was quick to respond to the Supreme Court decision

by crafting a legislative fix to the field of membership issue. HR 1151 received the support of 100 per cent of the Michigan delegation and a vast majority of House members; Senate concurrence is expected.

AUTOMATED SYSTEMS UNIT

There was a good deal of change within the Bureau's Credit Union Division last year. Long-time division director Michael N. Fitzgerald retired, and Roger W. Little was named to take his place. The management succession process was well planned and executed, and coincided with a restructuring of the division to include a corporate activities section and the EDP examination section.

The Credit Union Division conducted a customer survey during 1997, which showed that, overall, the division is effective in accomplishing our mission and in meeting constituent needs. The division completed the first conversion of a federal credit union to a state charter in over 16 years, and is at work on another conversion application. The division completed on-site examinations of all 321 state-chartered credit unions in 1997. There were no credit union failures during the year, and only 43 credit unions were listed on the Commissioner's "watch list."

BANKS

Banks continued to do very well in Michigan, with sound earnings and aggregate assets now exceeding \$87 billion. There were 169 banks chartered in Michigan at year end. The vast majority, 131, are state chartered. While bank mergers and consolidations continue, the trend is offset with a large increase in the number of *de novo* bank applications. During 1997 6 new banks were chartered, along with 3 federal thrift conversions to a state savings bank charter. I expect this trend to continue into

1998, as we currently have 10 new banks approved and another 4 new applications pending. *De novo* activity and merger activity continues at historically high levels.

As noted earlier, interstate branching activities are now commonplace among the states of Ohio, Indiana, and Michigan. Our capacity to measure banking activity in Michigan is now somewhat hindered by interstate banking and branching activities; further, exportation of banking law from a home state to a host state is becoming more commonplace. These trends also evidence the fact that each state has less influence over the financial services providers doing business within its boundaries.

These are generally very good times for Michigan's economy and we enjoy strong institutions. But for the first time since 1988, a state-chartered bank failed. OmniBank, a \$42 million bank headquartered in River Rouge, Michigan was declared insolvent and in an unsafe and unsound condition on April 9, 1998. The bank, originally chartered in 1919, suffered from poor management and supervision, poor loan underwriting, and a \$1 million kite loss. In cooperation with the FDIC, an auction of the assets and liabilities of OmniBank was held and a successful bidder was identified; the end result was that there were no losses to depositors, including the \$17 million in uninsured deposits of local cities and school districts. All of the deposit liabilities and many of the assets of the failed OmniBank were assumed by ShoreBank, Detroit, a newly-chartered bank headquartered in Detroit, Michigan.

CONSUMER FINANCE

Other financial services providers, particularly mortgage companies, have enjoyed a very strong year. Continuing low interest rates have contributed to a

boom in the industry; 1,300 new mortgage company applications were received and processed during the year ending December 31. FIB division staff have done an excellent job in processing this application volume, in addition to their work on license amendments and renewals. More information on this activity is in the narratives for Examination and Licensing and Enforcement divisions.

LEGISLATION

Longtime Deputy Commissioner and Policy Director Murray E. Brown retired from state service in 1997, and Peggy L. Bryson was named to take his place as the Bureau's policy expert.

Legislative achievements in 1997 included the enactment of a public funds package, amendments to the BIDCO Act, and a modernization of the Second Mortgage Act. Detail about the Bureau's legislative successes and our legislative agenda for the coming year is included elsewhere in this report.

What will FIB be doing in 1998? We have begun several initiatives and have others planned. They are:

- Modernization of the Michigan Banking Code;
- Removal of the affidavit filing requirement under PA 135;
- Refinement of the FIB strategic plan;
- Continuing investment in technology;
- Emphasis on the year 2000 compliance problem as it effects regulated institutions and the Bureau;
- A project that will result in a streamlined, more customer-friendly 1st and 2nd mortgage licensee application process.

Michigan financial institutions have enjoyed a very profitable year. Our state-chartered banks, credit unions, savings banks, mortgage companies, and other licensed lenders have helped to fuel the record growth in Michigan's economy through billions of dollars in commercial and personal loans. Prospects for the near future continue to be bright. The heightened competition within the newly defined financial services will continue to expand. Consumer choice among financial service providers, products, and services, at an all-time high, will continue to grow. The discipline of the marketplace, while sometimes appearing uneven, is working and will continue to work.

The need for more consumer education is evident. Well-informed consumers who shop for financial service providers and products are well served. Three examples of responsible and effective efforts in consumer education are the efforts of Economics America, Visa U.S.A., and Warren Schools Credit Union.

Economics America of Michigan is a private, non-profit alliance of business, education, government, and labor dedicated to providing Michigan school-teacher training programs and materials. The goal is to assist teachers in preparing students to become productive, responsible consumers with awareness of how to make, spend, save, or invest money. Visa U.S.A has launched a series of financial education programs on MTV to reach the young audience, and Warren Schools Credit Union, in partnership with Clintondale High School, has opened a branch at the school to serve current and former students. Trained students staff the credit union branch. Teens at the school are able to receive information on establishing credit, balancing a checkbook, and other financial services.

CHIEF DEPUTY COMMISSIONER RETIRES



Russell S. Kropschot
Chief Deputy Commissioner

In 1997, Russell S. Kropschot announced that he will be retiring as of March 21, 1998. He will be departing state government employment under a special retirement plan made available to employees for a limited time.

In the years since Russ started with the Bureau, many things have changed both worldwide and in the financial services industry. When Russ joined FIB in 1963, John Kennedy was President, George Romney was Governor, and Charles Slay was Banking Commissioner. Also, according to the 1963 Annual Report of the State Banking Department (now part of the Financial Institutions Bureau), Michigan had 280 state banks, 785 state credit unions, 608 regulatory loan licensees, 34 finance companies, and 7 safe and collateral deposit companies. As evidenced elsewhere in this year's annual report, it is very different in today's financial world.

During his time with the Bureau, Russ has become a familiar figure to people not only in the Bureau but far beyond. When Assistant Examiner Russell S. Kropschot, of Lapeer, started with the State Banking Department on April 7, 1963, he began a long and distinguished career which has spanned the tenure of six Commissioners. In the years since 1963, Russ has also held the positions of bank examiner, assistant to the Commissioner, deputy commissioner and chief deputy commissioner (CDC). Since becoming CDC in 1974, he has very ably carried out his responsibility for the day-to-day management of the Bureau. There have been periods of time during which he has taken on additional duties in the Office of the Commissioner. He served as Acting Commissioner under Democratic Governor James Blanchard, from January until April 1983, and under Republican Governor John Engler from January 1991 until May 1993.

In October, 1966, Russ was given an unusual responsibility considering he had been with the Bureau only three years. The state-chartered Public Bank in Detroit was placed in receivership and its assets sold to another Detroit bank. This prompted the filing of numerous law suits by Public Bank stockholders. Commissioner Slay appointed Russ to represent the Bureau in the matters which followed. Acting in this capacity, Russ worked in Detroit for the next year, representing the Bureau in court-related proceedings, and working with the many people and agencies to finalize these matters.

In addition to Russ' work in the Bureau, he has served on the staff of the Michigan Bankers Association's Robert M. Perry Schools of Banking at Central Michigan University, has taught at the Conference of State Bank Supervisors' (CSBS) Senior School in Norman, Oklahoma, has been vice chairman of the Performance Standards Committee for CSBS, was instrumental in establishing accreditation standards for CSBS, and was a charter member of the Society of Financial Examiners.

Russ has also been active in serving the community. His volunteer activities have included participating in Brothers Against Drugs, serving meals at the Lansing City Rescue Mission, delivering for Meals on Wheels, donating blood, and ushering at church. He was involved in various scouting activities when his son Jeff and daughter Krissa were participants, and coached youth basketball when his son was on a team.

Russ is an avid golfer, and enjoys billiards and collecting sports memorabilia. He and his wife Sue live in East Lansing where they will continue to reside after his retirement.

Those of us who have worked with Russ, both within the Bureau and in the larger community, will greatly miss him. We congratulate Russ and wish him a wonderful retirement.

COMMISSIONERS

Theodore C. Sherwood	1889 - 1896
Daniel B. Ainger	1896 - 1897
Josiah E. Just	1897 - 1898
George L. Maltz	1898 - 1903
George W. Moore	1903 - 1907
Henry M. Zimmerman	1907 - 1911
Edward H. Doyle	1911 - 1915
Frank W. Merrick	1915 - 1921
Hugh A. McPherson	1921 - 1927
Rudolph E. Reichert	1927 - 1936
Howard C. Lawrence	1936 - 1937
Charles T. Fisher, Jr.	1937 - 1938
Alvan Macauley, Jr.	1938 - 1939
Frederick B. Elliott, Jr.	1939 - 1941
Maurice C. Eveland	1941 - 1942
E. William Nelson	1943 - 1948
Maurice C. Eveland	1949 - 1956
Alonzo L. Wilson	1957 - 1960
Jerome J. Zielinski	1960 - 1961
Charles D. Slay	1961 - 1968
Robert P. Briggs	1968 - 1973
Richard J. Francis	1973 - 1980
Martha R. Seger	1981 - 1982
Eugene W. Kuthy	1983 - 1990
Russell S. Kropschot (Acting)	1991 - 1993
Patrick M. McQueen	1993 to date

TRADITION



Rudolph E. Reichert
(1927-1936)

Rudolph E. Reichert's term as Commissioner spanned just over nine years and he served under four Governors — in succession, Republican Governors Fred W. Green and William M. Brucker, Democratic Governor William A. Comstock, and Republican Governor Frank D. Fitzgerald. First appointed by Governor Green on January 21, 1927, Commissioner Reichert resigned on February 15, 1936.

Born in Dexter, Michigan in 1887, Rudolph Reichert graduated from Ann Arbor High School in 1904. His long and distinguished career on the Michigan financial scene began in August 1904 as a messenger in the Farmers & Mechanics Bank of Ann Arbor. He became a bookkeeper at the bank in 1910. Later the same year, Mr. Reichert moved to the German-American Savings Bank in Ann Arbor where he started as a teller. Advancing quickly, in 1912 he was elected to the board of directors of the bank, and in 1914 he was appointed assistant cashier. The German-American Savings Bank merged with State Savings Bank of Ann Arbor in 1916. In 1925, Mr. Reichert was elected to the board of directors of the bank and promoted to cashier.

During his tenure as Commissioner, Rudolph Reichert drafted the reorganization banking law (1933 Public Act No. 32) which also was adopted by several other states. He was president of the National Association of Supervisors of State Banks in 1934. Commissioner Reichert collaborated in writing the act that established the Federal Deposit Insurance Corporation. After his service as Commissioner, beginning in 1943, Mr. Reichert served six years as director of the Detroit Branch of the Federal Reserve Bank of Chicago. In 1944, he was elected president of the Michigan Bankers Association. He also was a member of the advisory board of the Reconstruction Finance Corporation for nearly the entire duration of its existence. He was chairman of the war loan committee for the Second Congressional District from 1941 until 1946 and state chairman of the Treasury Savings Bonds Association of the American Bankers Association from 1946 until 1953. Mr. Reichert was appointed chairman of the committee on federal legislation and was a member of the Research Council of the American Bankers Association. From 1917 to 1922, he served Ann Arbor as president of the City Council, and from 1948 to 1956 as chairman of the Police Commission.

As Commissioner, Mr. Reichert witnessed the unfolding of events that, in time, would pose enormous challenges, culminating in the infamous "bank holiday" in 1933. This was historically significant for it was in

Michigan that the bank holiday began. The book, *28 DAYS A History of the Banking Crisis*, describes the setting: “February 14 (Tuesday). In the early morning hours of St. Valentine’s Day, William A. Comstock, Democratic Governor of Michigan, left a conference of Federal and State officials and banking leaders at Detroit and motored to the state capital at Lansing. Shortly thereafter, he issued a proclamation of ominous import to the banking structure of the nation, a proclamation which had the immediate effect of paralyzing the \$1,500,000,000 bank deposits of one of the country’s most important industrial States. Acting on his executive authority, the Governor proclaimed an eight-day public holiday for all of Michigan’s financial institutions. The result was to close 550 national and State banks holding the funds of 900,000 depositors.” (C.C. Colt and N.S. Keith, *28 DAYS A History of the Banking Crisis*, p. 6.) Just three days later, efforts were underway in Lansing to enact remedial legislation prior to the expiration of the bank holiday. While the Senate passed a resolution conferring “dictatorial powers on the Governor to regulate banking affairs during the emergency,” the House was reluctant to take such a bold step. Meanwhile, some bankers were becoming increasingly assertive. “At a meeting in Grand Rapids, sixty out-of-the-city bankers adopted a resolution not to reopen their banks at the end of the holiday unless adequate legislation to protect banks and their depositors had been enacted before that time. It was pointed out that many of the out-of-the-city banks had not been able to extend much relief to their depositors, since a large part of their liquid funds were on deposit with Detroit banks and hence subject to the 5% withdrawal restriction in effect there. In Upper Michigan, however, in the Minneapolis Federal Reserve District, many banks had disregarded the Governor’s holiday order and continued open for business.” *Ibid.*, pp. 15-16.

In many important ways, the events surrounding the bank holiday were unprecedented and would dramatically reshape the face of banking regulation in this country.

At the beginning of his term as Commissioner, Rudolph Reichert oversaw a State Banking Department which, at year-end 1927, had regulatory jurisdiction over 616 state banking institutions (589 state-chartered banks, 5 industrial banks, and 22 trust companies) with total resources of over \$1.709 billion, 131 small loan agencies, and 13 credit unions. As of December 31, 1927, there were 18 closed receiverships and 5 active receiverships dating from the organization of the Department in 1889. As of September 29, 1931, the total assets of the 459 state-chartered banks and 8 industrial banks stood at over \$1.245 billion, representing a nearly 27.2 per cent decline from year-end 1927. More ominously, at year-end 1931, there were 18 closed receiverships, while the number of active receiverships had risen to 74. On October 25, 1933, the total assets of the 262 state-chartered banks and 6 industrial banks had fallen to \$349,928,027. As of December 31, 1933, the Banking Department supervised 276 state-chartered banks, 6 industrial banks, 12 trust companies, 43 credit unions, and 195 small loan agencies (the higher number of state-chartered banks existing at year-end 1933 was due to several banks being approved for reopening).

Unquestionably, Rudolph E. Reichert earned a well-deserved reputation as a lifelong banker in Michigan. What stands out in his remarkable career, however, was his able service during the greatest banking crisis in our state’s and nation’s history. Mr. Reichert was elected chairman of the board of City Bank, Detroit in 1953 (later City National Bank of Detroit), where he closed out his banking career. Rudolph Reichert passed away in 1965.

SIGNIFICANT DEVELOPMENTS

STATE LEGISLATION ENACTED

1997 Public Act No. 20,
1997 Public Act No. 21,
1997 Public Act No. 22, and
1997 Public Act No. 23
(all effective June 12, 1997),
1997 Public Act No. 31,
1997 Public Act No. 32, and
1997 Public Act No. 33
(all effective June 19, 1997),
1997 Public Act No. 35,
1997 Public Act No. 36,
1997 Public Act No. 37,
1997 Public Act No. 38,
1997 Public Act No. 39,
1997 Public Act No. 40,
1997 Public Act No. 41,
1997 Public Act No. 42,
1997 Public Act No. 43,
1997 Public Act No. 44,
1997 Public Act No. 45,
1997 Public Act No. 46,
1997 Public Act No. 47,
1997 Public Act No. 48,
1997 Public Act No. 49,
1997 Public Act No. 50,
1997 Public Act No. 51, and
1997 Public Act No. 52
(all effective June 30, 1997)
amend several statutes including
the Banking Code of 1969.

A 1995 Michigan law allows out-of-state banks to establish branches in Michigan — and they have done so. The federal Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 purports to put Michigan branches of out-of-state national banks on the same footing as national banks headquartered in Michigan. No similar provision was made for Michigan branches of out-of-state state-chartered banks until July 1997 (See Federal Legislation, page 14). This situation created competitive inequalities.

Legislative action was necessary, in this case, because of statutory and constitutional provisions prohibiting the deposit of state surplus funds and funds of political subdivisions in out-of-state state-chartered banks or in out-of-state savings banks, savings and loan associations, and credit unions. The Michigan constitution requires that eligible depositories be organized under the laws of this state or of the United States.

In addition, Michigan law barred banks from pledging assets to secure deposits of state and local governmental units. This would have put Michigan banks at a competitive disadvantage relative to branches of out-of-state banks in the solicitation of local unit deposits of public funds because out-of-state bank branches could potentially offer greater protection of deposits to local treasurers.

A number of acts (22) were changed to allow public funds to be deposited in a local branch even if the main office is located in another state. Several of the acts were amended to remove restrictions against pledging assets to secure deposits of state and local governmental units. The Banking Code of 1969 was amended to create a means for an out-of-state bank to organize a Michigan branch under Michigan law that would be eligible to receive deposits of public funds.

1997 Public Act No. 91 (effective July 31, 1997) amends the Secondary Mortgage Loan Act to reflect changes which have occurred in the market for secondary mortgages and to modernize the act. The modernization does the following:

- Replaces the license per office requirement with a single license/registration for each entity subject to the act.
- Eliminates the license fee and examination fee and substitutes an annual operating fee based on the volume of secondary mortgage activity in the previous calendar year. The annual operating fee would be revenue neutral and similar to that created under 1996 amendments to the Mortgage Brokers, Lenders and Servicers Licensing Act.
- Limits the total fees charged under the act to the estimated cost of enforcement of the act.
- Allows certain types of entities to register with the Commissioner in lieu of licensure.
- Expands coverage of the act to servicers of secondary mortgage loans.
- Expands the range of enforcement tools available to the Commissioner to deal with violations of the act.
- Requires a secondary mortgage servicer that requires an escrow account to deliver an annual statement to the borrower.
- Prohibits a transfer or assignment of a secondary mortgage loan before the disbursement of 75 per cent or more of the proceeds of the loan.

- Permits a borrower to “buy down” the contract interest rate by paying a prepaid interest charge.
- Authorizes second mortgage lenders to charge a prepayment fee not to exceed the amount permitted on first mortgages.
- Allows licensees and registrants to impose charges that are permitted by the FHA Title I program and any other federal lending program designed to promote secondary mortgage lending.

1997 Public Act No. 150 (effective December 2, 1997) amends the Michigan BIDCO Act to allow for the licensure of limited liability companies and to allow BIDCO investments in limited liability companies.

FEDERAL LEGISLATION ENACTED

PL 105-24 (signed July 3, 1997) amends Riegle-Neal to clarify that state-chartered banks’ operations are subject to the laws of their home states wherever they conduct business. It also permits an out-of-state bank’s host state branch to exercise its home state powers if permitted for either a state-chartered bank or a national bank in the host state. The measure includes Senate amendments that require the OCC to report annually on its actions regarding applicability of state law to national banks, clarify federal law’s continued applicability to state banks and their branches in home and host states, and add a new section 3 confirming that the amendment does not alter the right of states to opt out of the Depository Institutions Deregulation and Monetary Control Act of 1980.

FEDERAL LEGISLATION UNDER CONSIDERATION

Financial Modernization

The informal House leaders' financial modernization working group failed to reach agreement on merging the commerce and banking financial modernization measures, reported, respectively, on June 12, 1997 and October 30, 1997.

The House Banking Committee bill, an amalgamation of earlier separate proposals by Representatives Leach, Roukema, and Baker, and centered around the administration proposal released on May 21, would repeal Glass-Steagall restrictions on banks affiliating with securities firms. It would allow national bank subsidiaries to engage in financial activities not allowed their parents, repeal Bank Holding Company Act restrictions on banks affiliating with insurance companies, and preempt state laws prohibiting such affiliations. The bill would create a National Council on Financial Services, allow "wholesale" financial institutions ("Woofies"), abolish the federal thrift charter, treat state thrifts as banks for purposes of federal law, and grandfather affiliation rights of diversified savings and loan holding companies.

The Commerce Committee bill, uniformly opposed by the banking industry, was developed by Representative Oxley. The bill would allow commercial acquisitions with assets up to \$750 million by financial holding companies. The revenues from commercial activities would be limited to the lesser of 5 per cent or \$500 million, with increases indexed to the CPI. The bill would eliminate the federal thrift charter but grandfather powers available to thrifts unless an institution is sold. It would limit Federal Reserve Board authority over nonbank

affiliates of financial services holding companies, e.g., it would prohibit setting capital requirements for, requiring reports from, or duplicating SEC and state regulatory requirements for insurance, securities, and mutual fund firms.

Private Mortgage Insurance Cancellation

Typically, lenders require borrowers to purchase private mortgage insurance (PMI) in cases when the amount of the loan exceeds 80 per cent of the appraised value of the real property securing the loan. Some lenders do not permit a borrower to cancel the PMI insurance even in cases when the borrower's equity interest has surpassed 20 per cent.

The U.S. House and Senate have approved bills in regard to required PMI. The House-passed version (Representative Hansen's H.R. 607) would require lenders to disclose annually to borrowers the criteria for cancellation of PMI. On loans originated at least a year after enactment, PMI would be cancelled automatically when the borrower achieves 25 percent equity in the home. Lenders would be required to disclose at origination that PMI is required and may be cancelled. The Senate-enacted bill (Senator D'Amato's S. 318) would amend the Truth-in-Lending Act to require automatic cancellation of lender-required PMI (upon achieving 22 per cent equity) and notice to borrowers of their termination rights.

A conference committee is expected to tackle the issue in 1998.

LITIGATION

State - Michigan Association of Insurance Agents v. Commissioner of the Financial Institutions Bureau

On April 22, 1997, the Michigan Association of Insurance Agents (MAIA) filed suit in Ingham

County Circuit Court challenging a declaratory ruling issued by the Commissioner on December 13, 1996. In his ruling, the Commissioner ruled that Mr. H. Terry Hanks, an officer and director of Sundance Chevrolet, Inc. (Sundance), could lawfully purchase stock in Lariat Insurance Agency, Inc. (Lariat), a dealer-related agency providing group credit insurance to Sundance. The Commissioner ruled that Mr. Hanks' status as a shareholder, officer, and director of Sundance would be insufficient to render him an installment seller under the Motor Vehicle Sales Finance Act (MVSFA). (Installment sellers are prohibited by section 31(c) from receiving direct or indirect compensation from credit insurance sold in connection with a motor vehicle installment contract.) The Commissioner reached this conclusion because an amendment to the MVSFA narrowed the definition of "person" so that an "officer, director, employee, or agent" of an installment seller is no longer prohibited by the MVSFA from owning a dealer-related agency. On August 29, 1997, Ingham County Circuit Court Judge Richard D. Ball granted the Commissioner's motion to affirm his declaratory ruling.

***Federal -
Patrick M. McQueen v. Eugene A. Ludwig***

The Commissioner brought an action challenging a decision of the Comptroller of the Currency on the applications of Society Bank, Michigan, Ann Arbor and Society National Bank, Indiana, South Bend. The Comptroller's January 5, 1996 decision approved three applications submitted to the Comptroller on October 26, 1995. In the first application, Society Bank, Michigan, Ann Arbor (Society-Michigan) sought to convert into a national bank called Society Bank, National Association (Society,

N.A.-Michigan) with its main office in Bronson, Michigan, to retain its existing branches, and to establish a branch in Ann Arbor, the location of the former principal office of the state bank. The second application requested approval for Society, N.A.-Michigan then to relocate its main office from Bronson to Angola, Indiana, to continue operating its existing branches in Michigan, and to establish a branch at the former location of its main office in Bronson. The third application sought approval for Society, N.A.-Michigan and Society National Bank, Indiana, South Bend, Indiana (Society-Indiana) to merge and to retain as branches the existing offices of the merging banks in Michigan and Indiana. After considering the Commissioner's objections to the applications, the Comptroller issued its decision approving the applications, whereupon the Commissioner requested that the Court set aside the Comptroller's decision.

An important issue in the case was the Comptroller's decision to allow Society-Michigan (a state-chartered bank with its principal office in Ann Arbor and one of its branches in Bronson) to designate the existing branch in Bronson, rather than its principal office under state law, as the main office of the converted bank. The Court found that the National Bank Act does not require a converting bank to designate a particular location as its main office and does not require a bank to designate its principal office under state law as its main office. Since the statute does not address the issue, the Court viewed its task as limited to determining whether the Comptroller's interpretation is a reasonable interpretation of the statute. The Comptroller had concluded that a converting bank may designate as its main office any location at which it

has an existing banking office or at which the bank could have a banking office under state law. After examining the Comptroller's analysis and the Commissioner's objections, the Court found the Comptroller's interpretation to be reasonable. The Court declined to set aside the January 5, 1996 decision based on the Comptroller's conclusion that the converting bank could designate an existing branch as the main office of the converted national bank.

The Bureau is appealing the decision. The appeal is before the U.S. Court of Appeals - 6th Circuit in Cincinnati.

Federal - National Credit Union Administration v. First National Bank & Trust Co.

The Federal Credit Union Act (FCUA) limits federal credit union membership "to groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community, or rural district." The question presented in this appeal is whether the members of an occupational federal credit union (AT&T Family Federal Credit Union - ATTF) must all share a single "common bond of occupation" or, as the National Credit Union Administration (NCUA) contends, membership may be drawn from multiple unrelated groups, each with its own common bond. The district court held that the NCUA reasonably interpreted the FCUA. The Court of Appeals reversed the district court. The Supreme Court granted the petitions for writs of certiorari on February 24, 1997. The questions before the Supreme Court are whether banks fall within the

"zone of interests" of the FCUA to have standing to challenge the interpretation by the NCUA of the FCUA's common bond requirement and whether the NCUA reasonably interpreted the common bond provision to permit membership in a federal credit union to consist of multiple groups, so long as each group has its own common bond.

Arguments were presented before the Supreme Court on October 6, 1997 and a decision is expected in early 1998.

FEDERAL DEVELOPMENTS

IMPLEMENTATION OF RIEGLE-NEAL

During 1997, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Riegle-Neal) became fully implemented. Beginning on June 1, 1997, interstate branching became fully implemented: State and national banks in all states which had not opted out of interstate branching could establish and operate branches by merger or consolidation. On that date, the reciprocity provision in Michigan applicable to interstate branching by merger expired. State and national banks in states which opted out of interstate branching before June 1, 1997 were barred from branching by consolidation or merger or *de novo*. State and national banks located in states allowing interstate branching were precluded from branching into states which had opted out of interstate branching. The states which have opted out of interstate branching are Texas and Montana.

HUD RULES ON MORTGAGE BROKER FEES

On September 17, 1997, the Department of Housing and Urban Development (HUD) issued for comment a proposal intended to clarify the rules on mortgage broker compensation. Under the proposal, when homebuyers first meet with a mortgage broker, they would receive a one-page document (an "honest lending contract") stating the broker's fees and legal obligations to the borrower. The contract is intended to enable consumers to shop around for the best mortgage deal and save money in the process, according to HUD Secretary Andrew Cuomo. Much of the controversy centers around a practice by which some lenders allegedly paid additional fees to brokers for facilitating higher-rate loans. Several class action lawsuits have been filed against lenders, claiming that such practices violate the Real Estate Settlement Procedures Act.

The centerpiece of the proposal, the draft mortgage broker contract, features three boxes that a broker can check indicating to the borrower that the broker:

- represents the borrower,
- represents the borrower, but that the broker may receive a fee from the lender, or
- does not represent the borrower.

Some brokers fear that a broker checking either the first or second box would be deemed an agent and fiduciary of the borrower and would be required to obtain the most favorable mortgage loan for the borrower.

THE OCC RULE ON OPERATING SUBSIDIARIES AND THE FEDERAL RESERVE RESPONSE

In 1997, the Office of the Comptroller of the Currency (OCC) adopted an operating-subsubsidiary rule establishing a way for national banks to create subsidiaries to underwrite securities, sell insurance, or conduct other activities which national banks may not do directly. The rule set the stage for national banks to engage in activities “incidental” to banking.

The new rule spurred some controversy when NationsBank filed an application with the OCC for permission to enter the real estate development business through a direct operating subsidiary. The Federal Reserve Board (the Fed) reacted to the application by charging that real estate development would be “incompatible with sound banking” and could expose banks to losses. The Fed argued that the thrift crisis had demonstrated the “imprudence” of allowing thrifts to engage in real estate development. In addition, the National Association of Realtors wrote letters in protest arguing that depository financial institutions lacked the necessary expertise and would suffer losses in real estate ventures. Other opponents argued that allowing banks to offer real estate development through subsidiaries could result in banks denying loans to a competitor or misusing information on a competitor which applies for a loan.

Later, the Fed issued a proposal that would apply sections 23a and 23b of the Federal Reserve Act to bank subsidiaries engaged in activities that the banks could not engage in directly such as securities underwriting and real estate development. Section 23a limits a bank’s investments in subsidiaries to 20 per cent of the bank’s capital and no single subsidiary may receive more than 10 per cent of capital. Section 23b requires arm’s length dealing, i.e., the bank is barred from providing discounted loans or other perks to the subsidiary. As legal authority for the move, Fed Governor Laurence Meyer said that Congress authorized the Fed to apply the capital requirements to bank subsidiaries when it amended the Bank Holding Act in 1982.

THE OCC/OTS AND TRUST ACTIVITIES

Following rulings in 1995 and 1996 by the Office of Thrift Supervision (OTS), several nonbank companies have sought thrift charters in order to offer trust services on an interstate basis. The OTS rulings preempt state restrictions and allow referral of clients in any state to thrift trust subsidiaries. Among the nonbank companies which have expanded their trust businesses through thrift charters are Merrill Lynch, Dean Witter, Morgan Stanley, and Discover & Co. Other organizations, including A.G. Edwards, Hartford Financial Services Group, and Paine-Webber Inc., are seeking to expand trust powers through thrift charters.

The implications for banks are far-reaching since with a thrift charter, a nonbank company such as a securities broker-dealer or an insurance company can compete more effectively for affluent customers.

Such customers will no longer have to leave their insurance company or broker-dealer to seek trust services from a bank. Some bankers fear that banks may lose in the competition for trust customers.

On December 30, 1996, the Office of the Comptroller (OCC) approved a rule relating to trust activities which took effect on January 29, 1997. The new rule eliminates several restrictions found in Part 9 of the OCC's rules. It eased restrictions on collective investment funds, removing a prohibition on an individual trust account comprising more than 10 per cent of a collective investment fund and dropping a provision which barred banks from putting more than 10 per cent of a fund into one investment. Reducing these restrictions brings collective investment funds into line with the less strict rules governing individual trust accounts. Trust managers of individual trust accounts must simply exercise "prudence" in diversifying investments. The OCC also eased restrictions governing what may be done with money awaiting investment.

In 1997, the OCC approved Banc One Corp.'s application to merge national banks in Wisconsin and Ohio which have trust operations. As of year end, the OCC had not acted on a CoreStates Financial Corp. application to establish a national bank that would centralize trust operations from several states without local oversight. In New Jersey, the Attorney General expressed concern about the lack of protection or legal recourse for CoreStates' trust customers.

THE FED'S EASING OF SECTION 20 "FIREWALLS"

Bankers have complained for years that section 20 firewalls were highly inefficient because of the required separation of people, products, and information between banks and their securities affiliates. After raising the ineligible revenue limit to 25 per cent, the Fed removed the remaining firewalls on October 31, 1997.

The move drew fire from Senator D'Amato who accused the Fed and the OCC of an "unwholesome competition" to lower the restrictions. He charged that it would be "dangerous overreaching" and he compared it to the lax regulatory treatment of thrifts in the early 1980s. The Fed defended its proposal arguing that existing banking and securities laws already outlaw banks from propping up section 20 affiliates. The Fed stated that banks under sections 23a and 23b of the Federal Reserve Act must collateralize loans to affiliates, charge market interest rates, and limit to 10 per cent of capital the amount a bank can lend to an affiliate. The Fed also cited as rationale that the firewalls impose restrictions that are not placed on investment firms. In this regard, the restrictions had made it difficult for small and medium size banking organizations to operate section 20 affiliates.

APPROVAL OF THRIFT CHARTERS FOR COMMERCIAL FIRMS

The pending financial reform legislation would require all federal thrifts to convert to banks within two years after passage with the special powers and ownership privileges of existing thrifts protected. Under one financial modernization proposal, that protection would be lost if the thrift is sold. Against this backdrop, in 1997, a number of insurance

companies, several of them among the nation's largest, have sought federal thrift charters. Since Congress began considering legislation to eliminate the thrift charter, the OTS has issued new charters to several insurers including — Reliastar Financial Corp., Principal Mutual Insurance Co., and Travelers Group. Amid all of the attention given to financial modernization by Congress, the approval of the Travelers Group application stands out. With its entry into the thrift business, Travelers Group, which had earlier moved aggressively into the securities industry with its purchase of Salomon Inc., will have become the first major, truly diversified financial firm. Undoubtedly, the recent flurry of applications for thrift charters and the other financial expansion that has occurred, reflects the view that Congress will grandfather the new expanded operations.

Among the other large insurance companies with pending applications to enter the thrift business, are John Hancock Mutual Life Insurance Co., Allstate Corp., American General Corp., State Farm Mutual Automobile Insurance Co., Transamerica Corp., Nationwide Insurance Enterprise, and Hartford Financial Services Group. It is interesting to note that these insurers join insurance companies such as Prudential Insurance Company of America, Amerus Life Insurance Co., and Acacia Mutual Life Insurance Co., which have operated thrift institutions for years.

PLANS AND OBJECTIVES

LEGISLATIVE OBJECTIVES

In the fall of 1996, a comprehensive modernization of the Banking Code of 1969 was undertaken to address a number of shortcomings, inconsistencies, and outdated provisions identified in the law. During 1997, the Bureau completed a draft of the rewrite and distributed it to the banking community for review and comment. At year end, the Bureau had received comments from members of the banking and legal communities. It is anticipated that the Bureau will meet with representatives of the banking industry to finalize the draft and resolve the comments early in 1998. It is hoped that legislation will be introduced in 1998.

Currently, federal law precludes national banks from establishing new branches in states that do not specifically authorize all banks to do so. A 1995 amendment to the banking code made specific provision for state-chartered banks in other states to establish *de novo* branches in Michigan, but failed to provide parity for similarly situated national banks. To address this, SB 683 was introduced to amend the banking code to allow out-of-state national banks to establish new branches in Michigan. The bill was approved by the Senate and at year-end 1997, was before the House Commerce Committee. The Bureau hopes to see it enacted in 1998.

The Bureau will seek an amendment to the Mortgage Brokers, Lenders, and Servicers Licensing Act to allow the Commissioner to prohibit the further involvement in the business of individuals who have endangered the public interest when engaging in mortgage brokering, lending, or servicing.

The Bureau will explore legislation to place the same restrictions on real estate brokers and salespersons engaged in lending and credit brokering activities that have been imposed on lenders engaging in real estate brokerage activities.

Late in 1997, the Bureau began work with industry representatives on developing a proposal to modernize the Consumer Financial Services Act. The objective of the effort is to give regulated entities more flexibility in serving customers and to provide the Commissioner a broader array of supervisory tools to efficiently enforce the statute. The modernization likely will incorporate a number of the issues recently addressed in modernizing the Secondary Mortgage Act and the Mortgage Brokers, Lenders,

and Servicers Licensing Act, such as volume-based supervisory fees, simplified licensing structure, and expanded regulatory tools.

The Bureau also will be proposing an amendment to the Anti-Redlining Act to eliminate the requirement that lenders file annually an affidavit of compliance with the Federal Home Mortgage Disclosure Act. The State Surplus Funds Act and related public funds acts no longer limit eligibility to receive public fund deposits to institutions that file the PA 135 affidavit timely. Recent amendments connected to authorization to make deposits of public funds in out-of-state financial institutions with branches in Michigan necessitated removal of the requirement. The amendments also eliminated the Commissioner's responsibility to notify the State Treasurer and to publish the names of nonfilers annually. Thus, the affidavit filing requirement in PA 135 no longer serves a purpose. Elimination would reduce slightly the regulatory burden on lenders. Those who are interested may readily obtain from the Federal Financial Institutions Examination Council lists of institutions that filed HMDA reports.

OFFICE OF ADMINISTRATION



Philip F. Rooney
Director

ORGANIZATION

Overall administration of Bureau activities is the responsibility of the Commissioner of the Financial Institutions Bureau. The Commissioner is appointed by the Governor with the advice and consent of the Senate and serves at the pleasure of the Governor under the provisions of the Michigan Banking Code of 1969, as amended.

The Commissioner is assisted in the administration of the Bureau by a chief deputy commissioner. Working with/for him are: the deputy commissioner of the Office of Regulation, and the directors of the Office of Policy and Legislation, and of the Office of Administration.

The Office of Administration provides support in the personnel and training areas, budget development and financial management, micro-computer systems, physical facilities, and various office management activities. Support services are provided at minimum cost by consolidating services and reducing duplication which enable division managers to utilize their respective resources more effectively to meet their program goals and objectives.

MANAGEMENT SERVICES DIVISION

The Management Services Division was created in 1997 by consolidating several support services into one organizational unit. The division's responsibilities include the management training program, human resource management, policy and procedure development and implementation, Performance Planning Review and Development Program, financial management including coordinating the development of the bureau budget, bureau record retention and disposal schedule, microfilm operations, and various other special projects and support activities.

CURRENT ACTIVITIES

Accomplishments in 1997 included conducting training sessions which focused on current needs of Bureau managers and supervisors, leading a Bureau-wide group which drafted a pay for performance program for employees, and automating the Bureau's Policies and Procedures Manual to on-line status to provide easier access for field staff.

YEAR 2000

Prior to the year 2000, the division will be looking at the Bureau's revenue system, the personnel payroll system, and the Personnel Profile System to identify and make necessary modifications in order to ensure that they are in compliance.

MICROCOMPUTER OPERATIONS DIVISION

This division has responsibility for installing and maintaining the Bureau's computer hardware and software, network systems, and for coordinating computer training programs.

Daniel C. Tsai, the division's Data Processing Coordinator, retired at the end of March 1997 after working 19 years for the Bureau. Paul C. Wei, Acting Information Systems Coordinator, is currently the head of this division.

ACCOMPLISHMENTS

During the past year, division activities included the establishment of a multimedia room that provides access to a CD writer, digital camera, and photograph printing equipment; the distribution of over 50 replacement notebook computers to field staff; expansion of the Bureau's Internet by adding downloadable versions of over 80 forms used by our customers; updates to acts administered by FIB and adding information such as declaratory rulings, an overview of the Bureau, and a telephone number referral guide. This division is currently overseeing the migration of the Bureau to Windows 95 and the Microsoft Office 97 computing environment.

YEAR 2000

With the year 2000 approaching, a survey was conducted of Bureau-developed computer systems to determine whether there is year 2000 compliance. Systems identified as needing modifications and whose usefulness will extend to the year 2000 and beyond will be prioritized for updating to bring into compliance.

A large step forward in the use of digital resources in the Bureau resulted in the establishment of our Intranet, known as "Webster," which currently offers a wide range of information including financial

status reports, strategic planning documents, manuals, ongoing legislative summaries, and the Bureau calendar. This is foreseen as the master source for internal information used by Bureau staff.

BUREAU REVENUE AND EXPENSE

The Bureau's expenses are funded entirely from restricted revenue. These are fees assessed financial industries regulated by the Bureau for supervision, examinations and investigations, fines, corporate transactions, applications, and license renewals. Expenses include employee payroll, travel costs, supplies, communications, rent, computer network, and contractual services. The Bureau is assessed overhead charges for building rent and for services provided to us by the departments of Consumer and Industry Services and Civil Service.

CHIEF DEPUTY COMMISSIONER

Russell S. Kropschot

OFFICE OF ADMINISTRATION

Philip F. Rooney, Director

Julia A. Kennicott, Executive Secretary to the Director

MANAGEMENT SERVICES DIVISION

Sonya W. Dungey, Director

Judie C. Bennett, Project Coordinator

Sally J. Lindsay, Financial Assistant

David P. McCallie, Mail Coordinator

Stanley S. Pollitt, Revenue Coordinator

Danielle R. Powers, Personnel Assistant

Kathleen A. Simon, Financial Specialist

Ricky K. Withers, Student Assistant

Patricia M. Thelen, Microfilm Coordinator

Mina M. Malcolm, Microfilm Operator

MICROCOMPUTER OPERATIONS DIVISION

Paul C. Wei, Acting Information Systems Coordinator

Leigh A. Scherzer, Microcomputer Support Specialist

Donald R. Ward, Computer Specialist

Bryan C. Clarke, Student Assistant

Daphne C. Joyce-Raborn, Student Assistant

REVENUE BY SOURCE

Program	FY97	FY96	FY95
Bank Regulation	\$ 6,336,095	\$ 6,561,420	\$ 5,706,051
Credit Union Regulation	3,765,005	3,625,644	3,267,244
BIDCO	46,522	103,988	104,148
Credit Card	1,100	4,325	55,155
Sale of Check	13,600	12,400	11,050
First Mortgage	1,049,681	873,265	589,047
Motor Vehicle	140,266	179,640	145,530
Omnibus	291,643	275,501	189,367
Secondary Mortgage	337,025	364,676	261,704
Regulatory Loan	26,150	42,771	24,055
Total Restricted Revenue	\$12,007,087	\$12,043,630	\$10,353,351

EXPENSE BY PROGRAM

Program	FY97	FY96	FY95
Commissioner	\$ 100,700	\$ 86,082	\$ 58,070
Administration	1,229,569	1,184,151	1,200,185
Bank Regulation	4,980,898	4,863,972	4,652,397
Credit Union Regulation	3,029,397	2,885,285	2,626,337
Corporate Regulatory Services	644,477	674,132	677,100
Consumer Protection	1,496,562	1,252,340	1,177,273
Research and Consumer Services	323,050	270,668	306,002
Total	\$11,804,653	\$11,216,630	\$10,697,364

TRAINING

The Financial Institutions Bureau has a highly-trained, professional staff of examiners and office employees working with the financial industry, the general public, and with other state government personnel. Supervisors and employees work together to develop and execute a training plan tailored for each team throughout the Bureau.

FIB employees often attend professional development and refresher classes conducted by other regulatory agencies. A majority of these classes are sponsored by either the American Association of Residential Mortgage Regulators, Conference of State Bank Supervisors (CSBS), Federal Deposit Insurance Corporation, Federal Financial Institutions Examination Council, Federal Reserve Board, National Association of State Credit Union Supervisors, National Association of Consumer Credit Administrators, or National Credit Union Administration. Classes such as Contemporary Critical Issues, Consumer Lending, Emerging Issues-Community, Enforcement Training, Fraud School, Risk Management, and Problem Resolution are held at several locations throughout the United States. A large number of Bureau employees attended one or more of these classes in 1997.

FIB employees have served as instructors for the schools mentioned above, on planning committees for those schools, and have been presenters at non-Bureau training conferences. In 1997, Shelley McCarthy, a senior bank examiner, was an instructor at the CSBS Bank Management/EIC School, and was curriculum core team chair for the same school. William Pilkington, a senior bank examiner, was an instructor at the CSBS Bank Financial Analysis School and the CSBS Senior School. He was also a

presenter at the Indiana Examiner Training Conference and at the Montana Banking Department's Bank Directors Conference. Michael Anderson, Trust Supervisor, Bank and Trust Division, was a presenter at the MBA Trust Regulation 9 Seminar.

Additionally, Bureau employees attend various graduate schools. In 1997, these staffers attended graduate banking schools: Roger Little, Director, Credit Union Division, attended the Graduate School of Banking, Louisiana State University, Baton Rouge, Louisiana; and Sheila Vigh, a senior bank examiner, attended the Graduate School of Banking, University of Colorado, Boulder, Colorado. Also, Michael Friedrich, a senior trust examiner, graduated from the Cannon Financial Institute's Trust Audit and Compliance School at Myrtle Beach, South Carolina. In addition, he gained designation as a certified trust auditor.

FIB management and senior examiners routinely serve as faculty members for the Michigan Bankers Association's Robert M. Perry Schools of Banking at Central Michigan University in Mount Pleasant. Russell Kropschot, Chief Deputy Commissioner, and Donald Mann, Director, Bank and Trust Division, taught at the General Banking School. William Pilkington taught at the Bank Auditors School.

There are several Michigan Department of Civil Service classes which are available to all employees for staff education and development. A sampling of courses offered are: If You Were in My Shoes, Franklin Quest Time Management, Business Writing Basics for Professionals, and Increasing Human Effectiveness. Many staff members from all Bureau divisions benefited from classes in 1997.

The Bureau also supports a 50 per cent tuition refund program for employees who successfully complete college courses. These classes are job-related and employees attend them on their own time to enhance career skills.

The Bank and Trust Division holds a week-long training conference for its employees every 18 months. The latest one, held at Mackinaw City in October 1997, had the theme "Risk Management." Several speakers led sessions such as Market Risk and Technology Risk, and discussed subjects such as current issues surrounding data protection and data recovery, and issues involved with the year 2000.

FIB conducts an annual one-day training session for administrative support staff which provides an opportunity for improving their working environment, learning new skills regarding customer service, and assisting in instituting an overall consistent and organized office environment. In 1997, the theme was "Communication Inside and Out" and was led by Sharon Michaels of Sharon Michaels & Associates.

During 1997, the Bureau continued an internal management training program specifically designed to identify and address training needs of current and potential managers and supervisors to enhance job performance in the human resources area. Philip Rooney, Director, Office of Administration, and Sonya Dungey, Director, Management Services Division, conducted sessions covering a wide range of topics from equal employment opportunity responsibilities, affirmative action, and sexual harassment, to labor relations, travel regulations, and general management techniques. This is an ongoing internal training program for staff develop-

ment which focuses on the needs of Bureau managers to assist their understanding of current policies and procedures, regulations, and practices.

FIB has a strong commitment to providing appropriate training and development opportunities to its employees. This is part of a long-term goal to ensure the Bureau's continued dedication to excellence.

OFFICE OF REGULATION



Gary K. Mielock
Deputy Commissioner

Richard D. Lavolette
Administrative Law Specialist

Cynthia C. Senko
Executive Secretary

The Office of Regulation has responsibility for the chartering and supervising of Michigan's state-chartered depository financial institutions. This responsibility is performed by the Bank and Trust Division and the Credit Union Division and includes the regulation of the 1969 Public Act No. 319 (the Michigan Banking Code of 1969), as amended, and the 1925 Public Act No. 285 (Credit Union Act), as amended.

With the retirement of Murray Brown, Deputy Commissioner of the Office of Policy and Consumer Affairs, the responsibility for the licensing and supervision of over 4,700 nondepository financial service providers, which includes the regulation of 7 consumer finance laws, was transferred to the Office of Regulation. This responsibility is performed by the Licensing and Enforcement Division and the Examination Division.

CONSUMER FINANCIAL SERVICES ACT

The Consumer Financial Services Act, 1998 Public Act No. 161 as amended, provides for the licensing and regulation of institutions which provide a variety of financial services, and eliminates the need to acquire a separate license for each activity. A "Class II" license authorizes activities under the Regulatory Loan Act, the Motor Vehicle Sales Finance Act, the Secondary Mortgage Act, and the Credit Card Act. A "Class I" license authorizes activities under the Sale of Checks Act and the Mortgage Brokers, Lenders, and Servicers Licensing Act in addition to the authorities provided under a "Class II" license.

A "Class I" license under the act requires a bond of \$125,000 plus \$3,000 for each sale of checks agent up to \$250,000, and a minimum net worth of \$100,000. A "Class II" license requires a bond of \$25,000, and a minimum net worth of \$50,000.

CREDIT CARD ACT

The Credit Card Act, 1984 Public Act No. 379, as amended, authorizes the licensing and regulation of nondepository issuers of credit cards. A minimum net worth of \$1,000,000 is required by the act. The Commissioner may establish a higher net worth requirement if it is necessary to assure a safe and sound operation. There are no bonding requirements.

MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT

The Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 Public Act No. 173, as amended, provides for licensing, registration, and regulation of mortgage brokers, mortgage lenders, and mortgage servicers. The act pertains to loans secured by first mortgages or land contracts covering real property located in the State of Michigan, which is used, or improved to be used, as a dwelling and designed for occupancy by 4 or fewer families. Licensees are typically required to have a minimum net worth ranging from \$25,000 to \$100,000 and must generally post a bond, letter of credit, or certificate of deposit in amounts ranging from \$25,000 to \$125,000, depending on the type of services being offered.

MOTOR VEHICLE SALES FINANCE ACT

The Motor Vehicle Sales Finance Act, 1950 Public Act No. 27 as amended, regulates certain installment sales of motor vehicles. It provides for licensing and regulation of both the installment sellers, which are motor vehicle dealers originating installment sales contracts, and sales finance companies, the financial institutions that purchase these contracts from the dealers. The act requires bonding of sales finance companies ranging from \$5,000 to \$20,000 for main offices, plus \$10,000 for each branch office. Installment sellers do not have a bonding requirement. The act imposes no net worth requirements on installment sellers or sales finance companies.

REGULATORY LOAN ACT

The Regulatory Loan Act, 1963 Public Act No. 103, as amended (successor to 1921 Public Act No. 317), authorizes the licensing and regulation of entities

which make loans to consumers. The act prohibits the use of real estate as security for these loans. The act has no bonding requirement; however, licensees are required to maintain \$50,000 in liquid assets.

SALE OF CHECKS ACT

The Sale of Checks Act, 1960 Public Act No. 136, as amended, authorizes the licensing and regulation of the business of selling and issuing travelers checks, drafts, and money orders as a service or for a fee. The act also regulates telegraph companies that transfer funds by wire. The act requires a \$100,000 minimum net worth and a minimum bond of \$100,000 plus \$3,000 for each agent up to a maximum of \$250,000.

SECONDARY MORTGAGE ACT

The Secondary Mortgage Act, 1981 Public Act No. 125, as amended, authorizes the licensing and regulation of entities which make secondary mortgage loans of \$3,000 or more for personal, family, or household purposes. The act also allows for unsecured loans of \$3,000 or more. Licensees are required to post a bond in an amount required by the Commissioner, pursuant to Section 9 of the act.

FREEDOM OF INFORMATION

The Office of Regulation has the responsibility for responding to requests made to the Bureau for copies of public records under the Michigan Freedom of Information Act, 1976 Public Acts No. 422, as amended. During 1997, the Office of Regulation responded to 157 requests for copies of public documents.

ADMINISTRATIVE HEARING ACTIVITIES

The Office of Regulation provides hearing officer services for conducting the Bureau's administrative hearings and related matters pursuant to the Administrative Procedures Act, 1969 Public Act No. 306, as amended, and relevant regulatory statutes. In 1997, 6 new requests for hearings were received by the Bureau. Of those six requests, two cases were resolved by Stipulation and Consent Order, three were carried over into 1998, and one was dismissed.

In addition, the hearing officer handled three cases carried over from prior years. One was resolved by a Stipulation and Consent Order. In another, a hearing was concluded and a decision issued. In the third, the case was carried over to 1998 by Stipulation and Consent Order.

BANK AND TRUST DIVISION



Donald P. Mann
Deputy Commissioner/Director

Joseph E. Petterson
Assistant Director
Examinations Unit

Darwyn V. Sanborn
Assistant Director
Corporate Regulatory Services Unit

Carolyn E. Such
Secretary to Deputy Commissioner/
Director

Allie Jones
Secretary to Assistant Director

Steven D. Cutshaw
Corporate Specialist

Linda K. Hansen
Corporate Specialist

Sandra I. Slee
Corporate Specialist

AUTHORITY

The Bank and Trust Division is primarily responsible for the regulation and supervision of Michigan's 127 state banks and 2 safe deposit companies under authority of 1969 Public Act No. 319 (the Michigan Banking Code of 1969), as amended; 5 state savings banks, pursuant to 1996 Public Act No. 354 (the Michigan Savings Bank Act); and 9 Business and Industrial Development Corporations (BIDCOs), pursuant to 1986 Public Act No. 89, as amended. The division's major focus is to ensure that financial institutions under its supervision satisfy the public need for financial services, and operate in a safe and sound manner.

ORGANIZATION

During 1997, as part of reorganizing efforts within the Bureau, a number of changes occurred in the Bank and Trust Division. Mr. Donald P. Mann, division director, was appointed deputy commissioner for the Bureau. Mr. Mann continues to serve as division director, and will also serve as a member of the Bureau's senior management administrative team.

In May 1997, the division assumed responsibility for activities previously performed by the Bureau's Corporate Regulatory Services Division. These activities involve ensuring that the structural changes sought by financial institutions are consistent with safe and sound business practices, applicable laws, Bureau policies, and Departmental mission and goals. The division's new corporate section, under the direction of Assistant Bank and Trust Director Darwyn Sanborn (former director of the Corporate Regulatory Services Division), processes a wide variety of applications, conducts research, and reviews and investigates issues of concern to the division, Bureau, and Michigan financial community.

Another element of the reorganization involved the division assuming responsibility for the regulation and supervision of Michigan's 9 BIDCOs. As a nondepository institution, the role of a BIDCO is to help meet the financing assistance and management assistance needs of business firms in the State of Michigan.

Finally, the division realigned its examination regions, reducing the number of regions to 4: East Region; Central Region; West Region; and the Upper Peninsula Region. As part of this realignment, former Senior Review Examiner Stephen Trembath assumed the role of regional supervisor for the restructured West Region. The regional realignment accommodates the reduction in banks under supervision and provides better utilization of division resources.

EXAMINATIONS

The division meets its regulatory and supervisory responsibilities by conducting annual examinations and periodic visitations on those institutions under its regulatory control. During 1997, all state-chartered banks, savings banks, and BIDCOs were examined at least once by either representatives of the division, the Federal Deposit Insurance Corporation, or the Federal Reserve Banks of Chicago or Minneapolis. As of December 31, 1997, there were two banks on the division's "problem bank" list; no savings banks on the "problem" list; and 1 BIDCO on the "problem" list.

Although there were 6 new insured commercial banks opened during the year, the number of state-chartered commercial banks continued to decline in 1997. As of December 31, 1997, there were 127 insured state-chartered commercial banks, compared to 141 banks at year-end 1996. The reductions reflect a continuing trend of consolidation of bank holding company subsidiaries.

FINANCIAL DATA

As of December 31, 1997, state-chartered commercial banks posted total consolidated assets of \$ 87.2 billion, representing a 1.8 per cent increase over year-end 1996 totals. Asset quality for state-chartered commercial banks remained good. Total past due loans amounted to \$1.1 billion, or 1.7 per cent of total loans. Although total past due loans reflect a 27.8% increase, net loan losses amounted to only 0.35 per cent of average total loans.

Net income for 1997 reflected a continuation of an upward trend in bank revenues. As of year-end 1997, net consolidated income for state-chartered commercial banks amounted to \$1.2 billion, a 4 per cent increase of year-end 1996 totals. The average return on average assets for all state-chartered commercial banks was 1.42 per cent.

Equity capital in Michigan's state-chartered banks amounted to \$7.4 billion on a consolidated basis, representing a 1.7 per cent increase over year-end 1996 totals.

In addition to the 6 insured commercial banks chartered during 1997, there were 3 federal thrift institutions which converted to state-chartered savings banks during the year. This raises the number of state-chartered savings banks to 5 at year-end 1997.

As of December 31, 1997, state-chartered savings banks posted total consolidated assets of \$2.7 billion, representing a 4.8 % increase over the total for year-end 1996. Asset quality for state-chartered savings banks remained good. Total past due loans amounted to \$39.2 million, or 1 per cent of total loans. Equity capital in Michigan's state-chartered

savings banks amounted to \$229.4 million on a consolidated basis, representing a 7.1 per cent increase over year-end 1996 totals.

As of year-end 1997, net consolidated income for state-chartered savings banks amounted to \$28.1 million, representing a 1.03 per cent return on assets.

As of December 31, 1997, BIDCOs posted total consolidated assets of \$71.7 million, representing a 1.9 per cent increase from year-end 1996 totals. Total financing arrangements amounted to \$60.6 million, reflecting a 10.3 per cent increase over year-end 1996 totals. All BIDCOs were examined during 1997. Asset quality was satisfactory.

ACCREDITATION

The Bank and Trust Division is accredited by the Conference of State Bank Supervisors. The division was first accredited on April 28, 1986, and was re-accredited on February 9, 1993. The division will undergo a re-accreditation review during 1998.

STATISTICAL INFORMATION

The following pages contain financial and structural information relating to Michigan's state-chartered commercial banks, savings banks, BIDCOs, and safe deposit companies.

1997 BANK AND TRUST DIVISION FIELD PERSONNEL

EAST REGION

Gary L. Thielsen, Regional Supervisor

Thomas J. Battle
Kathleen M. Billmeier
James H. Brown II
C. Terry Callahan
Roger A. Lonsway
Shelley L. McCarthy

Kevin J. Pantera
William L. Pilkington
Susan A. Stieber
Chris Werwega
Joanne C. West

CENTRAL REGION

Curtis B. McMillin, Regional Supervisor

Robert G. Caruso
Gail A. Donovan
Patrick A. Holleran
Kirt L. Gundry
John J. Kolhoff

Karen K. Lawson
Patrick J. Lynch
Kathleen M. McDevitt
Charles J. Scott

WEST REGION

Stephen F. Trembath, Regional Supervisor

Rae L. Farris
Connie Gorsline
Donald R. Hermann
Karl J. Johnson
Charlie L. Kohler

Michael E. Mead
Bruce M. Ohland
Peter R. Oquist
Judy I. Ritter
Sheila J. Vigh

UPPER PENINSULA REGION

Gary D. Groves, Regional Supervisor

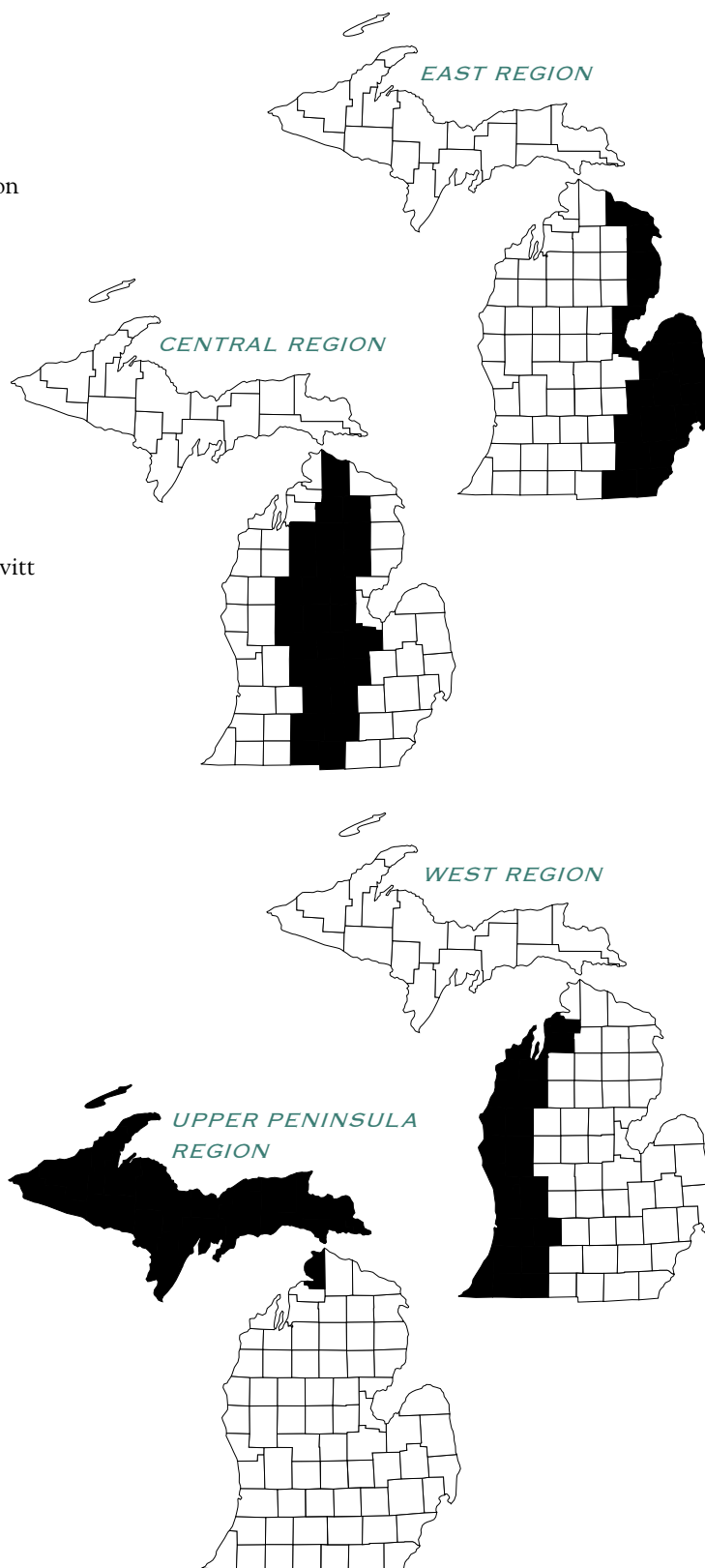
John M. Lyle
Linda S. Osstyn
David J. Theoret

TRUST ACTIVITIES SECTION

(STATEWIDE)

Michael J. Anderson, Trust Activities Supervisor

Walter P. Baier
Michael J. Friedrich



STATE BANKS

	1997	1996	1995	1994	1993
Number of state banks - January 1	141	141	158	161	167
Plus: Charters granted	6	6	1	2	0
Conversions from national to state	1	0	0	2	2
Conversions from federal savings bank	0	0	0	0	0
Less: Mergers/consolidations/purchases and assumptions	21	5	17	7	8
Receiverships/liquidations	0	0	0	0	0
Conversions - state to national	0	1	1	0	0
Conversions to federal savings banks	0	0	0	0	0
Number of state banks - December 31	127	141	141	158	161
Number of state bank branches	1,612	1,652	1,608	1,574	1,385

STATE SAVINGS BANKS

	1997	1996
Number of state savings banks - January 1	2	0
Plus: Charters granted	0	0
Conversions from federal savings banks	3	2
Less: Mergers/consolidations/purchases and assumptions	0	0
Conversions to federal savings banks	0	0
Number of state savings banks - December 31	5	2
Number of state savings bank branches	73	26

CONSOLIDATED BALANCE SHEET

OF STATE BANKS DECEMBER 31 (IN MILLIONS)

	1997 127 Banks	1996 141 Banks	Percentage Increase (Decrease)
ASSETS			
Cash and balances due from depository institutions	\$ 4,585	\$ 4,847	(5.41%)
Securities	12,049	13,628	(11.59%)
Federal funds sold and securities purchased under agreements to resell	1,964	812	141.87%
Net loans and leases	64,532	62,691	2.94%
Assets held in trading accounts	106	77	37.66%
Premises and fixed assets (including capitalized leases)	1,131	1,127	0.35%
Other real estate owned	41	51	(19.61%)
Investments in unconsolidated subsidiaries and associated companies	2	1	100.00%
Customers' liability on acceptances executed and outstanding	47	95	(50.53%)
Intangible assets	611	354	72.60%
Other assets	2,098	1,936	8.37%
Total Assets	\$ 87,166	\$ 85,619	1.81%
LIABILITIES			
Total deposits	\$ 61,580	\$ 63,055	(2.34%)
Federal funds purchased and securities sold under agreements to repurchase	2,660	3,558	(25.24%)
Demand notes issued to the U.S. Treasury	2,356	2,368	(0.51%)
Other borrowed money, including mortgage indebtedness and obligations under capitalized leases	10,145	6,643	52.72%
Bank's liability on acceptances executed and outstanding	47	95	(50.53%)
Notes and debentures subordinated to deposits	1,591	1,392	14.30%
Other liabilities	1,368	1,218	12.32%
Total Liabilities	\$ 79,747	\$ 78,329	1.81%
EQUITY CAPITAL			
Perpetual preferred stock	\$ 5	\$ 5	N/C
Common stock	413	434	(4.84%)
Surplus	2,740	2,514	8.99%
Undivided profits and capital reserves	4,261	4,337	(1.75%)
Total Equity Capital	\$ 7,419	\$ 7,290	1.77%
Total Liabilities and Equity Capital	\$ 87,166	\$ 85,619	1.81%

CONSOLIDATED STATEMENT OF INCOME

OF STATE BANKS AS OF DECEMBER 31 (IN MILLIONS)

	1997	1996	Percentage Increase (Decrease)
INTEREST INCOME:			
Interest and fee income on loans	\$ 5,403	\$ 5,220	3.51%
Interest from lease financing receivables	141	124	13.71%
Interest income on balances due from depository institutions	12	15	(20.00%)
Interest and dividend income on securities	846	1,030	(17.86%)
Interest income from assets held in trading accounts	2	2	N/C
Interest income on federal funds sold and securities purchased under agreements to resell	79	94	(15.96%)
Total Interest Income	\$ 6,483	\$ 6,485	(0.03%)
INTEREST EXPENSES:			
Interest on deposits	\$ 2,112	\$ 2,189	(3.52%)
Expense of federal funds purchased and securities sold under agreements to repurchase	213	251	(15.14%)
Interest on demand notes issued to the U.S. Treasury and on other borrowed money	581	556	4.50%
Interest on mortgage indebtedness and obligations under capitalized leases	0	2	(100.00%)
Interest on notes and debentures subordinated to deposits	93	79	15.05%
Total Interest Expense	\$ 2,999	\$ 3,077	2.53%
Net interest income	\$ 3,484	\$ 3,408	2.23%
LESS: Provision for loan and lease losses	308	234	31.62%
Noninterest income	1,497	1,287	16.32%
Gains (losses) on securities not held in trading accounts	26	39	(33.33%)
NONINTEREST EXPENSES			
Salaries and employee benefits	\$ 1,394	\$ 1,284	8.57%
Expenses on premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	365	342	6.73%
Other noninterest expense	1,103	1,134	(2.73%)
Total Noninterest Expense	\$ 2,862	\$ 2,760	3.70%
Income (loss) before income taxes and extraordinary items and other adjustments	\$ 1,837	\$ 1,740	5.57%
LESS: Applicable income taxes	617	569	8.44%
Income (loss) before extraordinary items and other adjustments	1,220	1,171	4.18%
Extraordinary items (net of taxes)	0	0	N/C
Net Income	\$ 1,220	\$ 1,171	4.18%

STATE BANKS

AS OF DECEMBER 31 (OOOS OMITTED)

City	Name of Bank	Loans	Deposits	Assets
Adrian	Adrian State Bank	\$ 131,227	\$ 125,430	\$ 168,957
Adrian	Bank of Lenawee *	163,937	175,076	211,978
Alden	Alden State Bank	52,535	62,601	74,713
Alma	Bank of Alma	133,765	169,162	199,445
Alma	Commercial Bank	124,521	136,294	172,367
Ann Arbor	Ann Arbor Commerce Bank	115,882	127,852	138,390
Ann Arbor	Republic Bank	1,160,014	893,519	1,375,808
Ann Arbor	University Bank	46,393	45,395	57,568
Ann Arbor	Bank of Ann Arbor	53,175	72,105	81,900
Bad Axe	Signature Bank	111,308	142,374	163,588
Baldwin	Lake-Osceola State Bank	37,666	44,701	54,438
Bangor	The West Michigan Savings Bank	13,163	23,211	28,285
Bay City	Chemical Bank Bay Area *	93,362	171,967	204,531
Bay Port	Bay Port State Bank	28,185	30,517	33,232
Benton Harbor	Shoreline Bank	619,636	723,809	857,843
Beulah	Central State Bank	25,513	36,175	40,314
Big Rapids	Chemical Bank Central	59,605	74,698	85,756
Birmingham	Fidelity Bank	123,070	171,089	197,250
Blissfield	The Blissfield State Bank *	43,317	59,602	70,185
Bloomfield Hills	The Bank of Bloomfield Hills	80,409	96,188	104,894
Breckenridge	Farmers State Bank of Breckenridge *	69,276	85,718	95,358
Brighton	Brighton Commerce Bank	13,817	21,518	23,580
Brown City	Tri-County Bank *	70,291	88,758	97,735
Byron Center	Byron Center State Bank *	170,299	184,703	241,283
Cadillac	Chemical Bank West	51,488	66,802	77,984
Caledonia	State Bank of Caledonia *	60,970	77,472	89,924
Capac	Capac State Bank *	67,644	72,167	89,901
Caro	Community Bank	26,792	46,424	50,659
Caro	Chemical Bank Thumb Area	73,330	153,257	175,934
Caro	Independent Bank East Michigan	190,334	191,420	247,747
Carsonville	Exchange State Bank	52,026	62,721	71,751
Charlevoix	Charlevoix State Bank	31,055	40,781	43,949
Chelsea	Chelsea State Bank *	77,810	128,963	149,468
Clare	Chemical Bank Michigan *	103,879	197,961	232,248
Clinton Township	Macomb Community Bank	19,546	37,227	40,906
Coldwater	Century Bank and Trust	133,084	167,287	192,986
Coldwater	Southern Michigan Bank & Trust	158,741	207,567	234,679
Coloma	The State Bank of Coloma *	13,317	24,506	28,440
Croswell	Eastern Michigan Bank *	104,839	140,826	155,718
Dearborn	Community Bank of Dearborn	52,487	75,408	84,742
Decatur	First State Bank of Decatur	21,550	31,785	40,169
Detroit	Comerica Bank *	23,114,599	16,349,196	28,936,212
Detroit	NBD Bank *	16,618,802	16,412,567	21,946,699
East Tawas	Huron Community Bank *	67,140	87,658	95,821

STATE BANKS (CONTINUED)

City	Name of Bank	Loans	Deposits	Assets
Eastpointe	First State Bank of East Detroit	\$ 283,191	\$ 421,328	\$ 474,867
Escanaba	State Bank of Escanaba	42,145	77,476	94,764
Escanaba	Northern Michigan Bank	81,017	90,361	100,515
Ewen	The State Bank of Ewen *	19,361	25,795	31,648
Farmington Hills	Metrobank	73,438	90,134	101,048
Farmington Hills	Oakland Commerce Bank	69,513	75,549	81,835
Farwell	The Farwell State Savings Bank	41,985	55,937	69,560
Fenton	The State Bank	184,198	231,662	262,798
Flint	Citizens Bank *	3,355,761	3,496,380	4,197,476
Frankfort	State Savings Bank, Frankfort, Mich.	25,204	33,488	39,792
Freeland	Freeland State Bank	22,539	37,710	43,759
Gladstone	Bay Bank	31,345	41,640	46,623
Gladstone	First Bank, Upper Michigan	64,387	60,101	77,284
Grand Haven	Grand Haven Bank	35,770	41,298	45,320
Grand Rapids	United Bank of Michigan	134,303	145,687	176,405
Grand Rapids	Grand Bank	95,518	118,072	131,747
Grand Rapids	Founders Trust Personal Bank	48,412	53,102	61,937
Grand Rapids	Mercantile Bank of West Michigan	12,887	9,688	23,446
Grand Rapids	Select Bank	24,714	23,345	27,856
Grand Rapids	Old Kent Bank *	9,661,970	10,241,095	13,557,143
Grayling	Chemical Bank North	36,691	65,204	73,141
Hamtramck	Peoples State Bank	115,197	165,226	193,506
Harbor Springs	First Community Bank	55,200	64,798	72,876
Hastings	The Hastings City Bank	101,295	142,963	168,639
Holland	Paragon Bank & Trust	59,184	66,466	74,358
Honor	The Honor State Bank	61,174	89,329	99,068
Hudsonville	West Michigan Community Bank	54,310	57,128	66,191
Ionia	Independent Bank	241,886	251,652	348,137
Iron River	The Miners' State Bank of Iron River	20,547	30,125	33,841
Ishpeming	The Peninsula Bank of Ishpeming *	41,693	50,850	59,273
Kalamazoo	Keystone Community Bank	3,859	7,686	12,260
Kent City	Valley Ridge Bank *	92,417	105,272	130,724
Lake Odessa	Union Bank	58,058	72,585	82,804
Lakeview	Bank of Lakeview *	72,741	75,067	97,622
Lapeer	Lapeer County Bank & Trust Co. *	123,627	162,919	186,942
Leslie	Independent Bank - South Michigan	126,860	111,629	153,648
Manistique	North Country Bank and Trust	304,396	291,606	339,449
Manistique	The State Savings Bank of Manistique *	27,336	38,656	49,468
Marcellus	G. W. Jones Exchange Bank *	23,004	29,658	34,252
Marshall	Chemical Bank South	28,246	52,100	60,465
Mason	Mason State Bank	61,334	64,429	79,890
Mayville	The Mayville State Bank	52,735	61,535	67,578

STATE BANKS (CONTINUED)

City	Name of Bank	Loans	Deposits	Assets
Midland	Chemical Bank and Trust Company *	\$ 246,224	\$ 490,115	\$ 597,564
Monroe	Monroe Bank & Trust	631,591	802,226	941,126
Montrose	The Montrose State Bank	30,571	41,708	49,070
Mount Clemens	Community Central Bank	53,135	68,766	78,786
Mount Pleasant	Firstbank	80,875	81,151	95,247
Mount Pleasant	Isabella Bank and Trust *	217,249	286,787	316,617
Munising	Peoples State Bank of Munising	44,381	49,337	56,824
Munith	Farmers State Bank of Munith	33,766	37,614	43,033
New Baltimore	Citizens State Bank	27,143	67,575	77,393
New Buffalo	Alliance Banking Company	45,130	51,332	63,239
Norton Shores	Muskegon Commerce Bank	1,610	5,240	7,871
Novi	Michigan Heritage Bank	32,602	40,846	48,462
Onsted	The Onsted State Bank *	33,846	41,952	46,567
Ontonagon	The Citizens State Bank of Ontonagon *	21,187	33,032	39,319
Owosso	Chemical Bank Key State	83,207	109,574	132,429
Oxford	Oxford Bank	158,495	227,129	252,704
Port Austin	The Port Austin State Bank	14,480	22,435	26,482
Portage	Portage Commerce Bank	72,115	85,357	91,749
River Rouge	Omnibank *	28,700	40,462	42,038
Rockford	Independent Bank-West Michigan	207,092	152,754	233,786
Ruth	Ruth State Bank	9,522	25,074	28,528
Sault Ste. Marie	Central Savings Bank *	74,771	84,453	106,148
Schoolcraft	Kalamazoo County State Bank	36,327	43,481	51,569
Scottville	West Shore Bank	88,482	100,429	130,742
Shelby	The Shelby State Bank	65,534	96,190	106,723
Sidney	Sidney State Bank	28,529	33,126	39,856
Sparta	ChoiceOne Bank *	127,726	107,524	156,321
St. Charles	Community State Bank of St. Charles	57,092	83,517	94,384
St. Joseph	Pinnacle Bank	1,521,077	1,443,326	2,093,616
Stanton	Chemical Bank Montcalm	69,763	104,052	119,271
Stockbridge	Stockbridge State Bank	37,481	52,165	59,096
Taylor	Charter Bank	146,668	199,920	222,261
Tecumseh	United Bank & Trust	265,258	316,964	370,243
Troy	Crestmark Bank	22,383	25,103	32,078
Troy	Midwest Guaranty Bank *	77,179	95,806	105,371
West Branch	1st Bank	118,085	121,262	137,297
Zeeland	Macatawa Bank	498	2,712	10,722

* Member of the Federal Reserve System

UNINSURED STATE BANKS

AS OF DECEMBER 31, 1998 (OOOS OMITTED)

City	Name of Bank	Assets	Loans	Deposits
Auburn Hills	Automotive Financial Services, Inc.	\$72,748	0	\$71,039
Bloomfield Hills	Merrill Lynch Trust Bank of Michigan	\$3,2500	0	
Detroit	River Place Financial Corp.	\$9,869	\$1,297	\$7,130

SUMMARY OF STATE BANKS WITH CAMELS RATINGS OF 3, 4 AND 5

	Total Banks Supervised	Banks Removed From CAMELS 3, 4, and 5 Status	Banks Added To CAMELS 3, 4, and 5 Status	Banks Rated CAMELS 3, 4, or 5 as of Year End
1997	127	0	1	2
1996	141	2	1	1
1995	141	1	2	2
1994	158	5	0	1
1993	161	2	0	6

INSTITUTIONS AUTHORIZED TO EXERCISE TRUST POWERS

Institutions authorized to exercise full trust powers in accordance with sections 181 through 186 of the Michigan Banking Code of 1969, as amended and sections 421 through 426 of the Savings Bank Act.

City	Name of Institution
Alma	Bank of Alma
Ann Arbor	Bank of Ann Arbor
Benton Harbor	Shoreline Bank
Bloomfield Hills	Merrill Lynch Trust Bank of Michigan
Coldwater	Century Bank and Trust
Coldwater	Southern Michigan Bank & Trust
Detroit	Comerica Bank
Detroit	NBD Bank
Detroit	River Place Financial Corp.
Fenton	The State Bank
Flint	Citizens Bank
Grand Rapids	Founders Trust Personal Bank
Grand Rapids	Grand Bank
Grand Rapids	Old Kent Bank
Hastings	The Hastings City Bank
Holland Township	Paragon Bank & Trust
Lapeer	Lapeer County Bank & Trust Co.
Manistique	North Country Bank and Trust
Marcellus*	G. W. Jones Exchange Bank
Midland	Chemical Bank and Trust Company
Monroe	Monroe Bank & Trust
Mount Pleasant	Isabella Bank and Trust
St. Joseph	Pinnacle Bank
Schoolcraft*	Kalamazoo County State Bank
Taylor	Charter Bank
Tecumseh	United Bank & Trust
Traverse City	Northwestern Savings Bank & Trust

*Limited Trust Powers

CONSOLIDATED BALANCE SHEET

OF STATE SAVINGS BANKS AS OF DECEMBER 31 (IN MILLIONS)

	1997 5 Savings Banks	1996 2 Savings Banks	Percentage Increase (Decrease)
ASSETS			
Cash and balances due from depository institutions	\$ 90	\$ 13	592.31%
Securities	182	85	114.12%
Federal funds sold and securities purchased under agreements to resell	1	0	100.00%
Net loans and leases	2,346	931	151.99%
Assets held in trading accounts	0	0	N/C
Premises and fixed assets (including capitalized leases)	42	15	180.00%
Other real estate owned	2	1	100.00%
Investments in unconsolidated subsidiaries and associated companies	0	0	N/C
Customers' liability on acceptances executed and outstanding	0	0	N/C
Intangible assets	17	0	1700.00%
Other assets	22	11	100.00%
Total Assets	\$ 2,702	\$ 1,056	155.87%
LIABILITIES			
Total deposits	\$ 1,971	\$ 702	180.77%
Federal funds purchased and securities sold under agreements to repurchase	0	0	N/C
Demand notes issued to the U.S. Treasury	0	0	N/C
Other borrowed money, including mortgage indebtedness and obligations under capitalized leases	480	262	83.21%
Bank's liability on acceptances executed and outstanding	0	0	N/C
Notes and debentures subordinated to deposits	0	0	N/C
Other liabilities	22	9	144.44%
Total Liabilities	\$ 2,473	\$ 973	154.16%
EQUITY CAPITAL			
Perpetual preferred stock	\$ 0	\$ 0	N/C
Common stock	1	1	N/C
Surplus	105	18	483.33%
Undivided profits and capital reserves	123	64	92.19%
Total Equity Capital	\$ 229	\$ 83	175.90%
Total Liabilities and Equity Capital	\$ 2,702	\$ 1,056	155.87%

CONSOLIDATED STATEMENT OF INCOME

OF STATE SAVINGS BANKS AS OF DECEMBER 31 (IN MILLIONS)

	1997	1996
INTEREST INCOME		
Interest and fee income on loans	\$ 186	\$ 65
Interest from lease financing receivables	0	0
Interest income on balances due from depository institutions	2	1
Interest and dividend income on securities	12	6
Interest income from assets held in trading accounts	0	0
Interest income on federal funds sold and securities purchased under agreements to resell	0	0
Total Interest Income	\$ 200	\$ 72
INTEREST EXPENSES		
Interest on deposits	\$ 87	\$ 29
Expense of federal funds purchased and securities sold under agreements to repurchase	0	0
Interest on demand notes issued to the U.S. Treasury and on other borrowed money	28	12
Interest on mortgage indebtedness and obligations under capitalized leases	0	0
Interest on notes and debentures subordinated to deposits	0	0
Total Interest Expense	\$ 115	\$ 41
Net interest income	\$ 85	\$ 31
LESS: Provision for loan and lease losses	2	0
Noninterest income	17	7
Gains (losses) on securities not held in trading accounts	0	0
NONINTEREST EXPENSES		
Salaries and employee benefits	\$ 30	\$ 11
Expenses on premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	9	4
Other noninterest expense	19	12
Total Noninterest Expense	\$ 58	27
Income (loss) before income taxes and extraordinary items and other adjustments	\$ 42	\$ 11
LESS: Applicable income taxes	14	3
Income (loss) before extraordinary items and other adjustments	28	8
Extraordinary items (net of taxes)	0	0
Net Income	\$ 28	\$ 8

STATE SAVINGS BANKS

AS OF DECEMBER 31 (OOOS OMITTED)

City	Name of Savings Bank	Loans	Deposits	Assets
Grand Rapids	Bank West	\$120,641	\$108,217	\$165,281
Holland	Ameribank	749,379	658,351	884,999
Lansing	Community First Bank	755,510	564,670	851,315
Port Huron	Citizens First Savings Bank	546,132	499,659	598,214
Traverse City	Northwestern Savings Bank & Trust	174,752	140,296	202,770

SAFE DEPOSIT COMPANIES

AS OF DECEMBER 31 (OOOS OMITTED)

City	Name of Depository	Assets
Eastpointe	First State Safe Deposit Box Company	\$ 127
Farmington Hills	The Depository	\$1,235

CHANGE IN CORPORATE NAME

City	From	To	Effective Date
Scottville	State Savings Bank of Scottville	West Shore Bank	5-05-97

CONSOLIDATIONS

City	Name of Institution	Effective Date
Algonac	The Algonac Savings Bank Consolidated with and into Old Kent Bank, Grand Rapids under the name Old Kent Bank	5-09-97
Boyne City	FMB-Northwestern Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Charlevoix	CB North Consolidated with and into Citizens Bank, Flint, under the name Citizens Bank	7-01-97
Dowagiac	FMB-Community Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Fremont	FMB-Old State Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Grand Rapids	FMB-First Michigan Bank-Grand Rapids Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Greenville	FMB-Commercial Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Hart	FMB-Oceana Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Holland	FMB-Trust Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Jackson	City Bank and Trust Company Consolidated with and into Citizens Bank, Flint, under the name Citizens Bank	7-01-97

CONSOLIDATIONS (CONTINUED)

City	Name of Institution	Effective Date
Kalamazoo	FMB-Arcadia Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Lowell	FMB-State Savings Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Manistee	FMB-Security Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Michigan City, IN	Community Bank, FSB Consolidated with and into Pinnacle Bank, St. Joseph, under the name Pinnacle Bank	8-01-97
Muskegon	FMB-Lumberman's Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Ontonagon	The First National Bank in Ontonagon Consolidated with and into North Country Bank, South Range, under the name North Country Bank	2-04-97
Portland	FMB-Maynard Allen Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Reed City	FMB-Reed City Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
Sault Ste. Marie	FMB-Sault Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97
St. Clair	The Commercial and Savings Bank of St. Clair County Consolidated with and into Old Kent Bank, Grand Rapids, under the name Old Kent Bank	5-09-97

CONSOLIDATIONS (CONTINUED)

City	Name of Institution	Effective Date
St. Johns	City Bank Consolidated with and into Citizens Bank, Flint, under the name Citizens Bank	7-01-97
St. Joseph	SJS Federal Savings Bank Consolidated with and into Shoreline Bank, St. Joseph, under the name Shoreline Bank	6-13-97
Troy	Huntington Banks of Michigan Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	6-30-97
Valparaiso, IN	Indiana Federal Bank for Savings Consolidated with and into Pinnacle Bank, St. Joseph, under the name Pinnacle Bank	8-01-97
Zeeland	FMB-First Michigan Bank Consolidated with and into The Huntington National Bank, Columbus, Ohio, under the name The Huntington National Bank	9-30-97

CONVERSIONS

City	Name of Institution	Effective Date
Holland	AmeriBank Converted from federal savings bank to state-chartered savings bank	7-25-97
Walker	Bank West Converted from federal savings bank to state-chartered savings bank	12-29-97
Taylor	Charter Bank Converted from national banking association to state-chartered bank	7-21-97

NEW BANKS

OPENED DURING THE LAST FIVE YEARS

City	Name of Institution	Initial Capital	Effective Date
1997			
Brighton	Brighton Commerce Bank	\$ 2,500,001	1-08-97
Grand Rapids	Mercantile Bank of West Michigan	\$11,000,000	12-15-97
Kalamazoo	Keystone Community Bank	\$ 4,750,000	7-30-97
Norton Shores	Muskegon Commerce Bank	\$ 2,643,006	12-03-97
Novi	Michigan Heritage Bank	\$ 7,500,000	3-10-97
Zeeland	Macatawa Bank	\$ 7,888,875	11-25-97
1996			
Ann Arbor	Bank of Ann Arbor	\$ 4,750,000	1-16-96
Bloomfield Hills	Merrill Lynch Trust Bank of Michigan	\$ 4,000,000	1-22-96
Clinton Township	Macomb Community Bank	\$ 3,708,005	9-18-96
Grand Rapids	Select Bank	\$ 3,500,000	2-07-96
Mount Clemens	Community Central Bank	\$ 7,500,000	10-28-96
Troy	Crestmark Bank	\$ 7,111,250	10-01-96
1995			
Grand Haven	Grand Haven Bank	\$ 2,500,000	5-01-95
1994			
Charlevoix	Charlevoix State Bank	\$ 2,500,000	8-16-96
Dearborn	Community Bank of Dearborn	\$ 3,800,000	2-28-94
1993			
None			

INTERSTATE ACQUISITIONS

Bank Holding Company/Subsidiary Name	City	Date Acquired
Capital Bancorp, Ltd.	Lansing	
Sun Community Bancorp, Ltd.	Tucson, AZ	5-22-97
First Financial Bancorp	Hamilton, OH	
Hastings Financial Corp.	Hastings	1-01-97
National Bank of Hastings	Hastings	
Huntington Bancshares, Inc.	Columbus, OH	
First Michigan Bank Corporation	Holland	9-30-97
FMB-Northwestern Bank	Boyne City	
FMB-Community Bank	Dowagiac	
FMB-Old State Bank	Fremont	
FMB-First Michigan Bank-Grand Rapids	Grand Rapids	
FMB-Commercial Bank	Greenville	
FMB-Oceana Bank	Hart	
FMB-Trust	Holland	
FMB-Arcadia	Kalamazoo	
FMB-State Savings Bank	Lowell	
FMB-Security Bank	Manistee	
FMB-Lumberman's Bank	Muskegon	
FMB-Maynard Allen Bank	Portland	
FMB-Reed City Bank	Reed City	
FMB-Sault Bank	Sault Ste. Marie	
FMB-First Michigan Bank	Zeeland	
Pinnacle Financial Services, Inc.	St. Joseph	
Indiana Federal Corporation	Valparaiso, IN	8-01-97
Indiana Federal Bank for Savings	Valparaiso, IN	
CB Bancorp	Michigan City, IN	8-01-97
Community Bank, FSB	Michigan City, IN	

INTRASTATE ACQUISITIONS

Bank Holding Company/Subsidiary Name	City	Date Acquired
Bay Bancorp, Inc. Bay Bank	Gladstone Gladstone	6-18-97
Capitol Bancorp, Ltd. Brighton Commerce Bank*	Lansing Brighton	1-08-97
Muskegon Commerce Bank*	Muskegon	12-03-97
Citizens Banking Corporation CB Financial Corporation City Bank and Trust Company City Bank CB North	Flint Jackson Jackson St. Johns Charlevoix	7-01-97
Ewen Bancshares, Inc. State Bank of Ewen	Ewen Ewen	8-12-97
First Manistique Corporation UP Financial, Inc. The First National Bank in Ontonagon	Manistique Ontonagon Ontonagon	2-04-97
Firstbank Corporation Lakeview Financial Corporation Bank of Lakeview	Alma Lakeview Lakeview	8-08-97
Mercantile Bank Corporation Mercantile Bank of West Michigan	Grand Rapids Grand Rapids	12-15-97
Michigan Heritage Bancorp, Inc. Michigan Heritage Bank	Novi Novi	3-10-97
Old Kent Financial Corporation Seaway Financial Corporation The Algonac Savings Bank The Commercial and Savings Bank of St. Clair County	Grand Rapids St. Clair Algonac St. Clair	1-01-97
Shoreline Financial Corporation SJS Bancorp, Inc. SJS Federal Savings Bank	Benton Harbor St. Joseph St. Joseph	6-13-97

*At least 51 per cent ownership

BUSINESS AND INDUSTRIAL DEVELOPMENT COMPANIES (BIDCO) LICENSEES

AS OF DECEMBER 31

	1997	1996
Licensees	9	9
Licensees examined	9	9
Provisions of financing assistance to agriculture firms	0	0
Financing assistance to agriculture firms	\$ 0	\$ 0
Provisions of financing assistance to mining firms	1	0
Financing assistance to mining firms	\$ 1,000,000	\$ 0
Provisions of financing assistance to construction businesses	7	0
Financing assistance to construction businesses	\$ 2,310,000	\$ 0
Provisions of financing assistance to manufacturing businesses	10	21
Financing assistance to manufacturing businesses	\$ 4,053,838	\$ 7,075,000
Provisions of financing assistance to transportation, communication, electricity, gas, and sanitary services businesses		
Financing assistance to transportation, communication, electricity, gas, and sanitary services businesses	\$ 500,000	\$ 1,987,500
Provisions of financing assistance to wholesale trade businesses	4	6
Financing assistance to wholesale trade businesses	\$ 1,450,000	\$ 2,471,250
Provisions of financing assistance to retail trade businesses	5	1
Financing assistance to retail trade businesses	\$ 2,385,873	\$ 320,000
Provisions of financing assistance to finance, insurance and real estate businesses	1	2
Financing assistance to finance, insurance, and real estate businesses	\$ 700,000	\$ 790,000
Provisions of financing assistance to service businesses	16	7
Financing assistance to service businesses	\$ 6,271,183	\$ 2,910,000
Provisions of financing assistance to nonclassifiable establishments	1	2
Financing assistance to nonclassifiable establishments	\$ 120,000	\$ 920,000
Total Financings for Period	46	45
Total Financing Assistance for the Period	\$ 18,790,894	\$ 16,473,750

BIDCOs (CONTINUED)

	1997	1996
Total provisions of financing assistance currently outstanding or committed	160	165
Total financing assistance currently outstanding	\$ 54,610,311	\$ 53,173,356
Total financing assistance committed but not outstanding	\$ 731,250	\$ 456,248
Provisions of financing assistance to minority-owned business firms	5	4
Financing assistance to minority-owned business firms	\$ 765,000	\$ 1,407,500
Provisions of financing assistance to women-owned business firms	4	1
Financing assistance to women-owned business firms	\$ 1,166,250	\$ 250,000
Estimated number of jobs created or retained *	677	741

* Estimates provided by licensees

BIDCOS LICENSEES

AS OF DECEMBER 31

City	Company
Detroit	Greater Detroit BIDCO, Inc.
Farmington Hills	Liberty BIDCO Investment Corporation ²
Farmington Hills	Michigan BIDCO, Inc. ³
Jackson	Horizon BIDCO Investment Co. ¹
Lansing	Access BIDCO, Inc.
Lansing	Capital BIDCO, Inc.
Lansing	Onset BIDCO, Inc. ⁴
Marquette	Shorebank BIDCO, Inc. ⁵
Portage	Arcadia BIDCO Corporation

¹ Formerly known as Jackson BIDCO, Ltd.

² Acquired Discovery BIDCO, Inc. in 1995 and Great Lakes BIDCO, Inc. in 1996.

³ Formerly known as Northern Michigan BIDCO, Inc.

⁴ Acquired by Access BIDCO, Inc. in 1993.

⁵ Formerly known as North Coast BIDCO, Inc.

CREDIT UNION DIVISION



Roger W. Little
Director

Sharon M. Long,
Secretary to Director

Tim C. Standfest
Assistant Director
Examinations Unit

Paul A. Tautkus
Assistant Director
Automated Systems Unit

Susan L. Joseph
Secretary
Examinations Unit

Esther Torres
Secretary
Examinations Unit

Debra S. Hallenbeck
Review Examiner

AUTHORITY

The Credit Union Division regulates state-chartered credit unions under the authority of 1925 Public Act No. 285, as amended (the Credit Union Act), in order to promote safe and sound operation. The goal is achieved through examining credit unions, analyzing information provided by credit unions, and taking supervisory actions where appropriate.

EXAMINATIONS

Annual examinations are the primary means by which the division monitors the operations and financial condition of Michigan state-chartered credit unions. During 1997, the division performed 320 regular examinations. A report of examination was transmitted to every Michigan state-chartered credit union as required by the Credit Union Act.

SUPERVISION

The number of CAMELS-rated 3, 4, and 5 credit unions increased from 33 at year-end 1996 to 43 at year-end 1997. These represented 13.4 per cent of total state credit unions and approximately 9.52 percent of total state credit union assets.

The division performed 33 on-site follow-up examinations during 1997. A follow-up examination is usually performed quarterly on credit unions where problems are detected during a regular examination.

During 1997, the division continued its extensive supervisory efforts with the use of "Memorandums of Agreement." The Memorandum of Agreement represents an agreement between a credit union's board of directors and the Bureau, recognizing the credit union's deficiencies and agreeing on corrective action. One credit union was issued an Agreement during 1997. Five credit unions were released from Agreements during 1997, either through resolution of problems or mergers. At the end of 1997, 12 Agreements were outstanding, compared to 16 at the end of 1996.

FINANCIAL TRENDS

Credit unions continued to experience moderate growth in 1997. Assets increased by 7.74 per cent, and equity increased from 11.28 per cent in 1996, to 11.51 per cent at year-end 1997.

POLICY BULLETINS

Credit Union Policy Bulletin 97-1 was issued December 1, 1997. The purpose of this bulletin was to outline the Bureau's policies on investment activities of state-chartered credit unions.

OTHER SIGNIFICANT OCCURRENCES

The Credit Union Division was expanded to include the former Automated Systems Division. In addition, the division is now responsible for all corporate activities that pertain to credit unions.

Michael N. Fitzgerald retired as the director of the Credit Union Division on May 31, 1997, after a long and distinguished career with the Michigan Financial Institutions Bureau. Roger W. Little succeeded Mr. Fitzgerald as director in June 1997. Mr. Little has been employed with the Bureau for 13 years.

On October 6, 1997, the United States Supreme Court heard oral arguments in the AT&T Family Federal Credit Union case. The National Credit Union Administration maintains that it reasonably interpreted the Federal Credit Union Act in permitting federal-chartered credit unions to serve multiple groups. The Michigan Credit Union Act has specific language which allows for a broader inclusion of various groups within a credit union's field of membership. Currently the AT&T case does not affect Michigan state-chartered credit unions.

One conversion from a federal-chartered credit union to a state-chartered credit union was approved by the Bureau during 1997. A Certificate of Organization was issued on October 10, 1997, to Citizens Credit Union located in Kalamazoo.

With the approach of the turn of the century, the Credit Union Division is taking a proactive approach to the year 2000 (Y2K) computer problem, so that the board and management of individual credit unions can ensure that their systems will be year 2000 compliant by December 31, 1998. In 1997, the division sent out questionnaires to all state-chartered credit unions. The purpose of the questionnaire was to raise the awareness of boards and management regarding the Y2K problem and to develop an initial database. Subsequent to this, and in conjunction with the National Credit Union Administration, a quarterly status report will be collected and other Y2K specific examination and supervision activities will be conducted.

Semi-annually, an advisory council of credit unions meets with the Commissioner of the Bureau and other senior staff to discuss and advise on current issues and topics that face credit unions. Some of the issues discussed in 1997 were ATM surcharges, field of membership, and Rule 15a (member business loans). The council is made up of approximately 15 credit union managers and a volunteer credit union board member representing a variety of credit unions from around the state.

The Credit Union Division constantly strives to provide a high-quality examination product in conjunction with being responsive to the changing financial environment, without sacrificing the safety and soundness of the credit union industry. Over the years, the examination process has evolved from a manual process to a more sophisticated, automated, risk-based examination program.

CONSOLIDATED BALANCE SHEET

OF STATE CREDIT UNIONS
(EXCLUDES CENTRAL CORPORATE CREDIT UNION)(OOOS OMITTED)

	320 Credit Unions 1997	323 Credit Unions 1996	Percent Increase (Decrease)
ASSETS			
Loans			
Personal loans	\$ 4,469,663	\$ 4,271,510	4.64%
Loans to officials	82,831	51,861	59.72
Real estate loans	2,332,320	1,946,066	19.85
Allowance for loan losses	(55,552)	(54,352)	2.21
Investments			
U.S. government obligations and federal agency securities	705,753	705,104	.09
Corporate credit unions	1,021,175	995,995	2.53
Other credit unions	15,320	6,647	130.48
Commercial banks, savings and loans, and mutual savings banks	476,423	467,515	1.91
Other investments	1,121,916	1,046,577	7.20
Cash and funds due from banks	263,721	248,750	6.02
Net fixed assets	232,427	205,223	13.26
Other assets	131,411	130,795	.47
Total Assets	\$10,797,408	\$10,021,691	7.74%
LIABILITIES AND EQUITY			
Liabilities			
Notes payable	\$ 31,207	\$ 18,000	73.37%
Other liabilities	110,327	95,674	15.32
Savings			
Share and deposit certificates	1,943,117	1,617,083	20.16
Share and deposit drafts	1,091,897	1,004,734	8.68
IRA/Keogh and retirement accounts	831,445	857,436	(3.03)
Regular shares, deposits, other	5,522,158	5,286,519	4.46
Equity			
Regular/statutory reserves	364,432	332,605	9.57
Investment valuation reserve	887	2,128	(58.32)
Accumulated unrealized gains (losses) on available for sale securities	23,748	9,282	155.85
Other reserves	198,230	195,602	1.34
Undivided earnings	679,960	602,628	12.83
Total Liabilities and Equity	\$10,797,408	\$10,021,691	7.74%

CONSOLIDATED STATEMENT OF OPERATIONS

OF STATE CREDIT UNIONS

(EXCLUDES CENTRAL CORPORATE CREDIT UNION)(OOOS OMITTED)

	1997	1996	Percent Increase (Decrease)
Operating Income			
Interest on loans	\$603,800	\$553,527	9.08%
Less: interest refund	(3,903)	(3,629)	7.55
Income from investments	202,962	194,455	4.37
Other operating income	78,802	72,894	8.10
Gross Income	881,661	817,247	7.88
Cost of Funds			
Dividends	171,715	168,318	2.02
Interest on deposits	183,219	158,696	15.45
Interest on borrowings	1,982	951	108.41
Total Interest/Dividend Expense	356,916	327,965	8.83
Gross Earnings	524,745	489,282	7.25
Operating Expenses			
Employee compensation and benefits	177,951	163,491	8.84
Cost of space	24,899	22,788	9.26
Office operations expense	87,822	80,959	8.48
Professional and outside services	32,924	28,574	15.22
Operating fees	4,121	3,869	6.51
Other operating expense	56,527	58,221	(2.91)
Total Operating Expenses	384,244	357,902	7.36
Net Operating Income	140,501	131,380	6.94
Nonoperating Gains or Losses (net)	(43)	267	(116.10)
Net Earnings	140,458	131,647	6.69
Provision for Loan Losses	29,828	23,296	28.04
Retained Earnings	\$110,630	\$108,351	2.10%

STATISTICAL DATA

OF STATE CREDIT UNIONS

(EXCLUDES CENTRAL CORPORATE CREDIT UNION)

	1997	1996	1995	1994	1993
Number of credit unions	320	323	334	339	351
Number of credit union members	2,445,380	2,412,073	2,377,955	2,330,276	2,285,294
Total assets*	\$10,797,408	\$10,021,691	\$9,403,097	\$8,958,894	\$8,601,723
Total loans outstanding*	\$ 6,884,814	\$ 6,269,436	\$5,716,202	\$5,207,925	\$4,567,852
Total savings (shares and deposits)*	\$ 9,388,617	\$ 8,765,771	\$8,259,599	\$7,933,034	\$7,686,534
Number of loans granted during year	1,227,692	1,208,753	1,132,892	1,386,793	1,575,848
Amount of loans granted during year*	\$ 3,769,350	\$ 3,536,764	\$3,100,613	\$3,188,527	\$2,957,160
Amount of loans over two months past due at year end*	\$ 68,101	\$ 61,936	\$ 51,105	\$ 43,061	\$ 43,199
Net charges to loan reserves*	\$ 30,233	\$ 22,027	\$ 16,573	\$ 13,675	\$ 17,339

*(000's omitted in dollar amounts)

CORPORATE CHANGES AND RELATED INFORMATION

	1997	1996	1995	1994	1993
Number of credit unions	321	324	335	340	352
Number of federal credit unions	187	188	191	192	197
Number of state credit unions chartered	0	0	0	0	0
Number of federal credit unions chartered	0	0	0	0	0
Number of state credit unions closed - voluntary dissolution	0	0	0	0	0
Number of federal credit unions closed - voluntary dissolution	0	0	0	0	1
Number of state credit unions closed - involuntary dissolution	0	0	0	0	0
Number of federal credit unions closed - involuntary dissolution	0	0	0	0	2
Number of state credit unions merged into state credit unions	3	7	4	6	4
Number of federal credit unions merged into federal credit unions	0	0	0	1	3
Number of state credit unions merged into federal credit unions	1	4	1	6	0
Number of federal credit unions merged into state credit unions	0	2	1	2	4
Number of state credit unions converted to federal charter	0	0	0	0	0
Number of federal credit unions converted to state charter	1	0	0	0	0

SUMMARY

OF STATE-CHARTERED CREDIT UNIONS WITH CAMEL RATINGS OF 3, 4, AND 5

	Total Credit Unions Supervised	Credit Unions Removed From CAMEL 3, 4, and 5 Status	Credit Unions Added To CAMEL 3, 4, and 5 Status	CAMEL-Rated 3, 4, and 5 Credit Unions as of Year End
1997	321	5	15	43
1996	324	26	20	33
1995	335	42	19	39
1994	340	29	26	62
1993	352	49	13	65

CLASSIFICATION

OF STATE CREDIT UNIONS BY ASSET SIZE AS OF DECEMBER 31 (EXCLUDES CENTRAL CORPORATE CREDIT UNION)

	Number of Credit Unions	Percentage In Group	Total Assets (000 Omitted)	Percentage In Group
\$250,000 or less	5	1.56 %	\$ 629	0.01 %
\$250,000 to \$500,000	10	3.13	3,888	0.04
\$500,000 to \$1,000,000	11	3.44	6,967	0.06
\$1,000,000 to \$2,000,000	23	7.19	30,865	0.28
\$2,000,000 to \$5,000,000	45	14.06	148,849	1.38
\$5,000,000 to \$10,000,000	46	14.37	333,470	3.09
\$10,000,000 to \$20,000,000	46	14.37	659,487	6.11
\$20,000,000 to \$50,000,000	82	25.63	2,790,376	25.84
Over \$50,000,000	52	16.25	6,822,877	63.19
Total	320	100.00 %	\$10,797,408	100.00 %

CENTRAL CORPORATE CREDIT UNION

SOUTHFIELD, MICHIGAN – BALANCE SHEET (OOOS OMITTED)

	1997	1996
ASSETS		
Loans		
Corporate member loans	\$ 34,861	\$ 23,767
Investments		
U.S. government obligations and federal agency securities	25,631	25,159
U.S. Central Credit Union	392,746	318,625
Other investments	1,091,345	1,075,724
Cash and Funds Due from Banks	41,273	51,701
Net Fixed Assets	539	786
Other Assets	10,033	12,114
Total Assets	\$1,596,428	\$1,507,876
LIABILITIES AND EQUITY		
Liabilities		
Notes payable	\$ 54,776	\$ 72,334
Other liabilities	39,239	42,828
Savings		
Certificates	623,626	536,648
Daily shares	726,733	691,256
Capital shares	97,532	114,412
Equity		
Corporate reserves	54,522	50,398
Total Liabilities and Equity	\$1,596,428	\$1,507,876

CENTRAL CORPORATE CREDIT UNION

SOUTHFIELD, MICHIGAN

STATEMENT OF OPERATIONS (OOOs OMITTED)

	1997	1996
Operating Income		
Interest on loans	\$ 1,653	\$ 1,900
Income from investments	95,038	92,943
Other operating income	3,831	2,870
Gross Income	\$100,522	\$97,713
Cost of Funds		
Dividends-member accounts	86,117	82,917
Interest on borrowings	4,016	5,121
Total Interest/Dividend Expense	\$ 90,133	\$88,038
Nonoperating Gains or Losses on Investments	1	9
Gross Earnings	\$ 10,390	\$ 9,684
Operating Expense		
Employee compensation and benefits	2,833	2,614
Other operating expense	3,401	2,857
Total Operating Expense	\$ 6,234	\$ 5,471
Net Earnings	\$ 4,156	\$ 4,213

SIGNIFICANT FINANCIAL RATIOS

OF STATE CREDIT UNIONS

(EXCLUDES CENTRAL CORPORATE CREDIT UNION)

	1997	1996	1995	1994	1993
KEY OPERATING RATIOS					
Loan reserves/total loans	6.10%	6.17%	6.32%	6.44%	6.85%
Delinquent loans/total loans	0.99	0.99	0.89	0.83	0.95
Delinquent loans/total reserves	16.22	16.01	14.14	12.84	13.82
Salary and benefits/income	20.18	20.01	20.43	21.53	20.98
Operating expense (-PLL)/income	43.58	43.79	44.08	46.28	45.10
Operating expense (-PLL)/total assets	3.56	3.57	3.53	3.47	3.45
Net equity/total assets	11.51	11.28	10.78	9.84	9.39
Total loans/total assets	63.76	62.56	60.79	58.13	53.10
Total investments/total assets	30.94	32.15	33.58	36.76	41.83
Fixed assets/total assets	2.15	2.05	2.05	1.98	1.96
Total loans/total savings	73.33	71.52	69.21	65.67	59.31
Total borrowings/total savings	0.33	0.21	0.23	0.20	0.02
Average return on investments (Income on investments/average investments outstanding)	6.00	5.89	5.70	4.89	4.61
Average cost of savings (Interest and dividends/average total savings)	3.88	3.80	3.72	3.16	3.24
Average gross return on loans (Gross income on loans/average loans)	9.21	9.28	9.29	9.16	10.04

DISTRIBUTION OF GROSS INCOME

Interest refund to borrowers	0.44%	0.44%	0.48%	0.56%	0.51%
Operating expense (-PLL)	43.39	43.60	43.87	46.02	44.87
Interest on borrowings	0.23	0.11	0.14	0.10	0.01
Interest and dividend cost	40.08	39.83	40.23	37.00	36.88
Provision for loan loss expense	3.37	2.83	2.13	2.14	2.92
Retained earnings	12.49	13.19	13.15	14.18	14.81
Total	100.00%	100.00%	100.00%	100.00%	100.00%

EARNINGS ANALYSIS

Gross return on assets (Gross income after interest refund/average assets)	8.41%	8.33%	8.20%	7.61%	7.87%
Less: Cost of funds	3.40	3.34	3.30	2.82	2.90
Equals: Gross spread	5.01	4.99	4.90	4.79	4.97
Less: Operating expenses (-PLL)	3.67	3.65	3.60	3.50	3.53
Provision for loan losses	.28	0.24	0.17	0.16	0.23
Equals: Net return on assets (Margin) (Net income/average assets)	1.06	1.10	1.13	1.13	1.21

CHANGES IN CORPORATE TITLE

Date of Change	From	To	City
March 17	Midland County School Employees Credit Union	Members First Credit Union	Midland
May 1	Metro Plus Credit Union	Financial Health Credit Union	Lansing
May 28	SEE&A Credit Union	Southeastern Educational Employees and Affiliates Credit Union	Monroe
June 3	Pere Marquette Employees Credit Union	Novi Community Credit Union	Novi
June 9	Southeastern Educational Employees and Affiliates Credit Union	SEE&A Credit Union	Monroe
July 15	Hudson & Fields Credit Union	Best Source Credit Union	Pontiac
August 6	Oakland County Employees Credit Union	Oakland County Credit Union	Waterford
August 29	Northwestern Public Employees Credit Union	Northwestern Area Credit Union	Cadillac
October 10	Kalamazoo Governmental Credit Union	Citizens Credit Union	Kalamazoo

CREDIT UNIONS MERGED

UNDER THE AUTHORITY CONTAINED IN SECTION 4(S) AND 20A OF ACT 285, P.A. 1925, AS AMENDED

Date of Merger	Name of Credit Union	City
February 17	American Box Board Company Credit Union Merged into Bell Com Credit Union, Grand Rapids	Wyoming
March 3	MSGR Champion K of C Credit Union Merged into River Rouge Municipal Credit Union, River Rouge	River Rouge
July 1	Lakeland Catholic Credit Union Merged into Oakland County Employees Credit Union, Waterford	Drayton Plains
July 31	Ranney Refrigerator Credit Union Merged into Preferred Federal Credit Union, Greenville	Greenville

STATE-CHARTERED CREDIT UNIONS

EXCLUDES CENTRAL CORPORATE CREDIT UNION AS OF DECEMBER 31
(OOOS OMITTED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Ada	Amway Employees Credit Union	\$ 27,071	\$ 18,464	\$ 23,953
Adrian	Lenco Ed Credit Union	21,434	13,200	18,723
Adrian	TLC Community Credit Union	128,270	95,043	115,330
Allegan	Allegan Teachers' Credit Union	427	335	347
Allen Park	Allen Park Community Credit Union	53,251	32,382	46,812
Alma	Gratiot Community Credit Union	12,587	6,611	11,572
Alpena	Alpena County Medical Credit Union	7,403	5,167	6,624
Alpena	Alpena-Alcona Area Credit Union	60,712	43,223	54,882
Alpena	Besser Credit Union	30,978	20,113	27,901
Alpena	H.P.C. Credit Union	48,454	25,921	43,206
Alpena	Stoneport Employees Credit Union	2,267	1,357	1,969
Alpena	Thunder Bay Area Credit Union	10,090	6,550	8,879
Ann Arbor	Hospital and Health Services Credit Union	80,272	46,265	67,619
Ann Arbor	Huron River Area Credit Union	113,221	72,149	97,805
Ann Arbor	University of Michigan Credit Union	121,800	75,471	108,718
Battle Creek	Battle Creek Building Trades Credit Union	4,701	3,255	4,047
Battle Creek	Battle Creek Postal Credit Union	6,114	3,677	5,185
Battle Creek	Metrocom Area Credit Union	5,085	3,623	4,532
Battle Creek	Omni Family Credit Union	86,094	54,022	71,812
Battle Creek	Post Employees Credit Union	37,702	17,017	31,533
Battle Creek	School Employees Credit Union	42,573	29,771	38,705
Bay City	Bay Governmental Credit Union	25,229	18,909	21,260
Bay City	COPOCO Credit Union	34,065	21,481	29,865
Bay City	Credit Union Plus Credit Union	29,248	20,983	24,786
Bay City	RWC Employees Credit Union	1,381	762	1,120
Bay City	School Employees Credit Union	49,649	33,587	44,908
Bay City	United Bay City Credit Union	88,186	59,008	77,008
Belding	Extruded Metals Employees Credit Union	655	481	525
Berkley	Southeast Oakland Community Credit Union	25,212	20,614	22,825
Big Rapids	Hanchett Employees Credit Union	405	212	354
Bingham Farms	Michigan Services Credit Union	10,467	6,111	9,286
Birch Run	Birch Run Area Credit Union	2,931	1,964	2,641
Birmingham	Birmingham-Bloomfield Credit Union	24,427	14,321	22,115
Blissfield	St. Peter's Parish Credit Union	407	347	312
Bloomfield Hills	Bloomfield Hills Schools Credit Union	9,719	4,999	8,321
Bridgeport	United Saginaw Credit Union	38,501	29,165	35,075
Bruce Crossing	Settler's Co-Operative Credit Union	3,698	2,598	3,472

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Buchanan	Country Heritage Credit Union	\$ 14,768	\$ 10,484	\$ 12,578
Burton	El-Ga Credit Union	50,524	40,624	45,119
Burton	Family Community Credit Union	24,155	12,600	21,478
Cadillac	Northwestern Area Credit Union	21,256	15,791	19,211
Cadillac	Wexford Community Credit Union	16,745	9,063	14,335
Carsonville	St. Mary's Parish Credit Union	163	103	129
Cedarville	Port Dolomite Credit Union	1,175	824	1,013
Center Line	Father Kramer Credit Union	8,600	4,944	7,508
Center Line	Warren Schools Credit Union	117,485	83,904	105,008
Center Line	Tri-County Veterans Credit Union	1,018	756	808
Charlotte	Eaton County Educational Credit Union	19,944	11,792	16,138
Chesaning	Christopher Credit Union	1,692	754	1,485
Clarkston	Clarkston Brandon Credit Union	22,938	12,900	19,876
Clawson	C S E Credit Union	25,844	8,435	21,235
Clawson	T & I Credit Union	44,279	17,306	37,340
Clinton Township	Motor City Co-Op Credit Union	82,558	52,671	71,155
Clinton Township	Macomb Schools and Government Credit Union	262,374	105,854	234,890
Comstock Park	G R Building Trades Credit Union	12,311	8,389	10,809
Croswell	St. Patrick (Croswell) Credit Union	1,364	902	902
Dearborn	ACM Employees Credit Union	54,199	21,593	45,607
Dearborn	Contrak Credit Union	3,134	2,467	2,801
Dearborn	Dearborn Churches Credit Union	7,208	3,272	6,470
Dearborn	Dearborn Municipal Credit Union	5,525	2,992	4,861
Dearborn	Dearborn Postal Employees Credit Union	1,202	682	984
Dearborn	Dearborn Schools Credit Union	52,647	22,486	46,083
Dearborn	Great Lakes Members Credit Union	12,642	5,334	8,192
Dearborn	Rouge Employees Credit Union	39,380	27,019	31,926
Dearborn Heights	St. Linus Credit Union	3,708	1,377	3,420
Detroit	Amez United Credit Union	203	75	153
Detroit	Bakery Drivers Salesmen Local No. 51 Credit Union	1,359	1,108	1,131
Detroit	Bethel Baptist Church East Credit Union	660	313	590
Detroit	Communicating Arts Credit Union	18,452	10,744	16,520
Detroit	Craftsman Credit Union	34,583	10,621	27,011
Detroit	Detroit Edison Credit Union	323,958	203,588	264,041
Detroit	Detroit Municipal Credit Union	247,586	41,654	203,558
Detroit	Detroit New Calvary Baptist Church Credit Union	711	425	616
Detroit	Detroit Postal Employees Credit Union	85,129	17,779	72,086

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Detroit	Detroit Teachers Credit Union	\$ 261,555	\$ 88,768	\$ 217,534
Detroit	Detroit VA Credit Union	2,080	1,705	1,901
Detroit	E.W. Daniel Episcopal Credit Union	91	26	64
Detroit	Electrical Workers Local 58 Credit Union	4,965	3,170	4,409
Detroit	Fannie B. Peck Of Bethel A.M.E. Church Credit Union	482	33	378
Detroit	First Financial Credit Union	27,525	10,404	22,373
Detroit	Gasco Employees Credit Union	43,178	24,776	37,812
Detroit	Greater Christ Baptist Church Credit Union	1,133	349	999
Detroit	Greater New Mt. Moriah Baptist Church Credit Union	425	299	315
Detroit	Health One Credit Union	14,697	7,808	13,376
Detroit	Holy Cross Council Credit Union	517	365	429
Detroit	I.M. Detroit District Credit Union	796	5	562
Detroit	M.E.S. Credit Union	7,153	4,466	5,365
Detroit	Metropolitan Church of God Credit Union	78	50	63
Detroit	Northeast Catholic Credit Union	47,006	35,751	39,994
Detroit	Public Service Credit Union	60,841	32,500	53,662
Detroit	St. John Presbyterian Church Credit Union	536	257	465
Detroit	Teamsters Credit Union	11,960	5,027	10,851
Detroit	Warrendale Community Credit Union	10,371	6,173	9,383
Drummond Island	Detour Drummond Community Credit Union	9,332	4,808	8,349
Eastpointe	East Detroit Schools Credit Union	7,772	3,927	6,916
Eaton Rapids	Wesley Credit Union	4,757	3,303	4,043
Edmore	Hitachi Employees Credit Union	2,862	1,999	2,372
Edmore	Montcalm Public Employees Credit Union	6,116	3,866	5,174
Escanaba	Delta County Credit Union	42,988	36,954	37,459
Escanaba	Delta County Teachers Credit Union	3,313	1,777	3,018
Escanaba	Upper Peninsula State Employees Credit Union	15,910	13,207	13,908
Essexville	Essexville Columbus Credit Union	285	208	234
Farmington	Suburban Family Credit Union	15,202	9,466	13,140
Ferndale	Credit Union One Credit Union	451,709	359,308	414,976
Ferndale	Pattern Makers Credit Union	2,280	1,604	2,015
Flint	Flint Area School Employees Credit Union	156,727	60,420	127,915
Flint	Flint Municipal Credit Union	26,042	13,153	23,458
Frankenmuth	Frankenmuth Credit Union	40,436	34,409	36,322
Frankenmuth	Universal Employees Credit Union	2,896	1,096	2,371
Fremont	Newaygo County Service Employees Credit Union	6,390	4,942	5,692
Grand Blanc	Grand Blanc Credit Union	44,136	26,217	35,671

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Grand Haven	Grand Shore Credit Union	\$ 3,626	\$ 2,608	\$ 3,197
Grand Haven	Ottawa County School Employees Credit Union	46,634	39,123	41,783
Grand Haven	Tri-Cities Credit Union	8,815	6,196	7,961
Grand Rapids	A.T.L. Employees Credit Union	7,901	5,384	6,450
Grand Rapids	A A C Credit Union	16,458	12,030	13,880
Grand Rapids	Alliance Credit Union	26,938	25,918	22,585
Grand Rapids	Bell Com Credit Union	104,675	63,045	88,814
Grand Rapids	Bissell Employees Credit Union	7,365	5,485	6,368
Grand Rapids	Blodgett Credit Union	7,940	5,070	7,110
Grand Rapids	Grand Rapids Federal Employees Credit Union	27,281	21,904	24,012
Grand Rapids	Grand Rapids Municipal Employees Credit Union	17,675	10,897	15,732
Grand Rapids	Grand Rapids Teachers' Credit Union	223,014	173,137	197,469
Grand Rapids	Health Care Credit Union	35,822	33,223	31,043
Grand Rapids	K-V Employees Credit Union	2,852	1,810	2,568
Grand Rapids	Kent County Employees Credit Union	17,192	13,230	14,582
Grand Rapids	Latvian Credit Union	2,795	1,396	2,488
Grand Rapids	L S I Credit Union	43,112	33,070	36,940
Grand Rapids	Meijer Associates Credit Union	37,831	30,202	34,397
Grand Rapids	North Kent Catholic Credit Union	2,455	1,584	2,036
Grand Rapids	Oak Industrial Park Credit Union	10,159	5,811	8,696
Grand Rapids	Saint Mary's Hospital Credit Union	16,029	14,404	14,195
Grand Rapids	Steelcase Employees Credit Union	56,935	37,731	49,095
Grand Rapids	West Michigan State Employees Credit Union	48,581	29,513	44,419
Grand Rapids	Western Districts Members Credit Union	12,259	9,632	10,947
Grandville	Southwest Catholic Credit Union	1,498	1,074	1,242
Hamtramck	St. Ladislaus Credit Union	689	201	572
Hart	Oceana School Employees Credit Union	1,100	781	970
Hastings	Thornapple Valley Community Credit Union	8,990	6,808	8,239
Highland	Huron Valley Schools Credit Union	12,578	9,179	11,157
Highland Park	Highland Park School Employees Credit Union	1,127	602	973
Holland	Big Dutch Fleet Credit Union	13,297	9,022	11,299
Holland	Donnelly Credit Union	5,789	4,230	4,612
Holland	Holland Central Trades Credit Union	24,376	19,387	19,917
Holland	Holland Machine Employees Credit Union	1,323	838	981
Ionia	Auto Body Workers of Ionia Credit Union	1,619	1,406	1,426
Ionia	Governmental Employees Credit Union of Ionia	19,491	16,822	17,027
Iron River	Central Iron County Credit Union	14,069	8,831	12,411

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Jackson	Aeroquip Employees Credit Union	\$ 23,759	\$ 20,250	\$ 20,327
Jackson	Catholic Community Credit Union	2,843	1,596	2,547
Jackson	Educators and Employees Credit Union	41,772	29,575	36,661
Jackson	Jackson City County Credit Union	8,682	6,155	8,031
Jackson	Michigan Railroaders Credit Union	2,239	1,764	1,997
Jackson	South Central State Employees Credit Union	21,639	16,502	18,670
Kalamazoo	Citizens Credit Union	30,913	22,974	27,903
Kalamazoo	Consumers Credit Union	46,630	38,133	41,422
Kalamazoo	Educational Community Credit Union	116,756	80,546	97,737
Kalamazoo	Kalamazoo Building Trades Credit Union	5,679	2,190	5,101
Kalamazoo	Kalamazoo Gazette Employees Credit Union	2,486	1,682	1,919
Kalamazoo	KALSEE Credit Union	52,670	32,622	45,576
Kalamazoo	KASTCO Credit Union	40,559	26,950	35,499
Kalamazoo	Tower Family Credit Union	5,685	3,162	4,825
Kentwood	Grand Valley Co-Op Credit Union	39,133	32,862	34,660
Kentwood	Keeler Brass Employees Credit Union	2,504	1,870	2,151
Lake Orion	Orion-Oxford Community Credit Union	4,914	2,792	4,261
Lansing	Auto Body Credit Union	107,066	84,416	95,393
Lansing	Auto-Owners Associates Credit Union	11,106	7,410	9,847
Lansing	Capital Area School Employees Credit Union	121,505	91,049	107,754
Lansing	Communication Services Credit Union	13,997	11,561	12,606
Lansing	Consumers Professional Credit Union	36,172	30,508	31,566
Lansing	Farm Bureau Family Credit Union	5,857	4,304	5,326
Lansing	Federal Employees Credit Union	8,151	5,401	7,508
Lansing	Financial Health Credit Union	48,098	34,933	41,894
Lansing	Gabriels Catholic Credit Union	5,220	4,051	4,313
Lansing	Lansing Area Catholic Credit Union	3,286	1,674	2,631
Lansing	Lansing Community Credit Union	62,630	49,337	55,793
Lansing	Lansing Postal Credit Union	18,700	11,366	16,658
Lansing	State Employees Credit Union	348,278	249,124	313,017
Lapeer	Lapeer County Community Credit Union	34,744	29,255	31,529
Lapeer	Lapeer County School Employees' Credit Union	9,757	4,501	8,020
Lawton	Welch's Credit Union	2,155	1,713	1,936
Leonidas	Plastic Workers Credit Union	559	385	432
Lincoln Park	Good Shepherd Credit Union	36,414	20,870	32,547
Lincoln Park	Lincoln Park Community Credit Union	25,672	10,744	22,714
Livonia	Co-op Services Credit Union	157,573	117,748	142,132

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Livonia	KEMBA Credit Union	\$ 11,566	\$ 5,733	\$ 9,486
Livonia	Livonia Community Credit Union	41,012	32,645	37,563
Livonia	Parkside Credit Union	37,943	19,865	32,687
Livonia	Wayne Out County Teachers Credit Union	246,842	145,498	214,594
Ludington	Dow Ludington Employees' Credit Union	16,272	9,769	14,155
Ludington	Jackson Vibrators Employees Credit Union	1,976	911	1,506
Ludington	Mason County School Employees Credit Union	3,051	2,030	2,501
Manistee	Filer Credit Union	36,388	22,821	32,003
Manistee	Manistee Public Employees Credit Union	1,300	1,049	1,027
Marquette	Marquette Catholic Credit Union	52,035	35,524	43,212
Marshall	Marshall Community Credit Union	60,538	36,064	53,750
Marysville	E & A Credit Union	86,229	73,720	78,189
Melvindale	Melvindale Community Credit Union	3,511	1,585	3,107
Menominee	Menominee Area Credit Union	4,862	3,175	4,106
Menominee	Menominee Paper Credit Union	6,367	4,140	5,392
Midland	Dow Chemical Employees' Credit Union	499,698	245,175	427,044
Midland	Members First Credit Union	46,506	26,815	41,258
Midland	Midland Area Credit Union	16,346	12,845	14,488
Monroe	Monroe County and Municipalities Credit Union	2,576	1,703	2,064
Monroe	Monroe County Community Credit Union	57,526	37,618	49,670
Monroe	SEE&A Credit Union	36,494	27,552	32,080
Mount Clemens	Health Services Credit Union	5,316	4,051	4,606
Mount Clemens	Joint Military & Veterans Credit Union	46,562	34,342	40,469
Mount Pleasant	Isabella Community Credit Union	33,565	21,523	30,564
Munising	Munising Community Credit Union	9,624	5,671	8,336
Muskegon	First General Credit Union	20,887	12,262	14,615
Muskegon	Muskegon Consumers Power Employees Credit Union	3,509	2,753	2,715
Muskegon	Muskegon County School Employees Credit Union	29,605	21,986	25,673
Muskegon	Muskegon Teachers Credit Union	4,870	3,002	4,310
Muskegon	Sealed Power/SPx Credit Union	31,246	20,355	25,116
Muskegon	Tru-Valu Credit Union	6,586	4,951	5,626
Newberry	Tahquamenon Area Credit Union	24,867	19,051	22,760
Niles	Tyler Employees Credit Union	3,509	1,849	3,035
Norway	Norway Community Credit Union	5,627	3,619	4,798
Novi	Iron Workers Local 25 Credit Union	3,014	1,230	2,445
Novi	Novi Community Credit Union	29,459	20,590	23,423
Oak Park	Our Lady of Fatima Credit Union	580	486	472

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Ontonagon	Lake Superior Credit Union	\$ 2,951	\$ 2,251	\$ 2,648
Orchard Lake	Westacres Credit Union	5,291	2,176	4,599
Oscoda	Iosco School Employees Credit Union	20,344	14,243	18,264
Oshtemo	Southwestern State Employees Credit Union	33,000	18,547	30,255
Otsego	Otsego Paperworkers Credit Union	3,448	1,929	2,742
Owosso	Centel Credit Union	12,565	10,316	11,517
Owosso	Owosso Columbus Credit Union	4,795	2,589	4,195
Owosso	Shiawassee Community Credit Union	32,948	22,339	27,975
Pelkie	Pelkie-Copper Country Community Credit Union	6,382	5,058	6,192
Plymouth	Plymouth Council Credit Union	648	290	550
Pontiac	Bestsource Credit Union	131,334	105,698	120,793
Pontiac	Municipal and Health Services Credit Union	27,485	21,009	25,491
Pontiac	Oakland County Postal & Federal Employees CU	12,960	4,838	10,317
Pontiac	Pontiac Telephone Employees Credit Union	43,302	27,162	37,231
Port Huron	Times Herald Employees Credit Union	356	199	294
Redford	Redford Municipal Employees Credit Union	1,753	1,181	1,599
Redford	Redford Township Community Credit Union	48,302	37,140	42,143
Redford Township	A&P - Farmer Jack Credit Union	20,131	7,135	17,781
Reed City	Miller Industries Credit Union	1,347	384	1,100
Reed City	Osceola Community Credit Union	94	62	72
Reese	Gateway Credit Union	7,974	7,228	7,190
Richmond	Belle River Community Credit Union	7,090	5,805	6,368
River Rouge	River Rouge Municipal Credit Union	3,092	2,266	2,389
Riverview	Pennwalt Employees Credit Union	1,141	922	1,000
Riverview	Riverview Community Employees Credit Union	2,826	1,630	2,518
Rochester	Hillscommunity Schools Credit Union	28,231	14,246	26,074
Rogers City	Calcite Credit Union	22,205	11,381	19,355
Romeo	M P G. Credit Union	3,137	1,891	2,756
Romulus	Kerr Employees Credit Union	1,308	1,128	1,026
Roscommon	North Central Area Credit Union	44,163	32,714	40,026
Roseville	SERF Credit Union	52,143	36,673	46,826
Roseville	ARC Credit Union	9,868	4,781	8,872
Roseville	St. Angela Parish Credit Union	7,057	4,410	6,277
Royal Oak	Northwood Transportation Credit Union	19,057	11,042	15,955
Royal Oak	Rome Credit Union	12,923	6,557	11,796
Royal Oak	Royal Oak Community Credit Union	63,567	45,774	58,960
Royal Oak	Royal Oak Schools Credit Union	45,892	18,441	40,532

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Royal Oak	St. Mary's of Royal Oak Parish Credit Union	\$ 4,591	\$ 2,874	\$ 4,176
Rudyard	Rudyard Pickford Co-op Credit Union	12,073	8,560	9,433
Saginaw	Amalgamated Credit Union	29,536	24,522	22,798
Saginaw	Communications Family Credit Union	260,286	161,597	218,576
Saginaw	Consumers Choice Credit Union	21,049	12,161	18,750
Saginaw	Holy Spirit Parish Credit Union	9,974	7,591	7,977
Saginaw	Lake Huron Credit Union	18,716	15,292	16,549
Saginaw	Saginaw County Employees Credit Union	13,690	9,838	12,170
Saginaw	Saginaw Eaton Credit Union	31,323	15,495	26,570
Saginaw	Saginaw Farm Bureau Credit Union	9,966	5,882	9,001
Saginaw	Saginaw Municipal Employees Credit Union	27,741	16,093	22,628
Saginaw	Team One Credit Union Credit Union	132,275	116,977	115,766
Saginaw	Valley State Employees Credit Union	11,392	8,383	9,658
Sault Ste. Marie	Chippewa County Employees Credit Union	12,842	10,939	11,066
Sault Ste. Marie	Federal Employees of Chippewa County Credit Union	3,523	2,650	3,198
Sault Ste. Marie	Sault Ste. Marie Municipal Employee Credit Union	1,227	1,038	1,074
Sault Ste. Marie	Soo Co-op Credit Union	61,801	53,753	56,801
Southfield	Detroit Federal Employees Credit Union	92,449	49,511	78,666
Southfield	Providence Credit Union	11,572	6,191	10,608
Southfield	Telcom Credit Union	190,961	134,263	165,720
Southgate	Downriver School Employees Credit Union	32,676	25,487	27,801
Sparta	Rogue River Community Credit Union	14,656	10,466	13,116
St. Clair Shore	B S C Health Care Services Credit Union	3,928	2,053	3,308
St. Joseph	Berrien Teachers Credit Union	94,792	79,772	86,691
St. Joseph	Lakeland Credit Union	17,507	11,888	15,793
St. Joseph	Lake-View Credit Union	1,490	930	1,325
Sterling Hgts	St. Lawrence Columbus Credit Union	6,732	4,485	6,016
Sterling Hgts	Sterling-Van Dyke Credit Union	40,412	18,999	33,525
Sterling Hgts	VIP Credit Union	7,600	4,198	6,874
Stevensville	Gast Employees Credit Union	2,959	2,376	2,689
Taylor	Christian Community Credit Union	5,878	3,496	5,257
Taylor	D.T.&I. Employees Credit Union	11,690	5,359	10,210
Taylor	Taylor Community Credit Union	32,218	21,005	28,941
Temperance	United Catholic Credit Union	340	219	300
Traverse City	Members Credit Union	75,330	60,144	66,841
Traverse City	TBA Education Credit Union	53,894	42,515	48,600
Trenton	Trenton Governmental Credit Union	15,963	7,298	14,075

STATE-CHARTERED CREDIT UNIONS (CONTINUED)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
Troy	Oakland Catholic Credit Union	\$ 75,295	\$ 44,650	\$ 66,475
Troy	SOC Credit Union	121,579	80,308	84,947
Troy	United Christian Community Credit Union	15,807	12,656	14,362
Vicksburg	Simpson Lee Employee's Credit Union	1,054	666	849
Warren	Bi-County Catholic Credit Union	4,368	1,986	3,625
Warren	Macomb County Postal Employees Credit Union	616	473	517
Warren	St. Cletus Credit Union	5,567	2,916	5,015
Warren	St. Mark's Credit Union	2,159	1,138	1,941
Warren	St. Sylvester Parish Credit Union	1,277	603	1,078
Warren	Tek-Ni-Kal Credit Union	23,820	17,155	21,251
Warren	Ukrainian Future Credit Union	41,405	28,119	37,381
Warren	Unity Credit Union	31,422	18,843	27,749
Waterford	North Oakland Community Credit Union	20,297	14,193	18,284
Waterford	Oakland County Credit Union	71,035	44,429	64,250
Waterford	United Family Credit Union	7,786	5,965	6,440
Westland	Eloise Credit Union	12,737	6,544	10,158
White Pigeon	Eddy Paper Employees Credit Union	386	354	284
Whitehall	Howmet Credit Union	43,572	32,248	36,658
Winn	Morbark Employees Credit Union	375	292	313
Wyoming	Allied Employers Credit Union	5,047	3,683	4,260
Wyoming	Emp. Of Keebler Co. Grand Rapids Bakery Credit Union	2,423	1,421	1,967
Wyoming	Multi-Products Credit Union	53,065	39,990	47,764
Wyoming	Spartan Stores Credit Union	5,765	4,156	5,120
Ypsilanti	Eastern Michigan University Credit Union	9,723	5,398	8,295

FIELD PERSONNEL

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Freya I. McGinty, Regional Supervisor
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Anthony A. Hamilton
James H. McMullen
Brent A. Moeggenborg
Mark A. Utrecht

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Toni L. Girolami
Wanda F. Marshall
Crystal Richland
Debra R. Sitz
Carl Woods

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Student Assistant

AUTHORITY

The Examination Division is responsible for conducting examinations and investigations of licensees and registrants of the following consumer finance statutes: Consumer Financial Services Act; Credit Card Act; Mortgage Brokers, Lenders, and Servicers Licensing Act; Motor Vehicle Sales Finance Act; Regulatory Loan Act; Sale of Checks Act; and Secondary Mortgage Loan Act.

For an explanation of these acts, please see the narrative of the Office of Regulation.

EXAMINATIONS

The division conducted examinations and investigations under the following statutes during 1997: Consumer Financial Services Act; Mortgage Brokers, Lenders, and Servicers Licensing Act; Motor Vehicle Sales Finance Act; Regulatory Loan Act; and Secondary Mortgage Loan Act. Examination and investigation activity resulted in two license revocations during the year.

SUPERVISION

On August 13, 1997, Commissioner Patrick M. McQueen revoked the mortgage broker and lender license of Financial Specialists, Inc. of 15565 Northland Drive, Southfield, Michigan. Financial Specialists, Inc. was also fined \$1,000 in civil penalties. The order specified that Financial Specialists, Inc. engaged in fraud, deceit, and misrepresentation. Financial Specialists, Inc. was owned and operated by Phillip VanBuren.

The mortgage broker license issued to Damita R. Ferguson dba Community Residential Funding and Ivy League Mortgage, 15001 West Eight Mile Road, Detroit, Michigan, was suspended by Commissioner McQueen on November 17, 1997, ultimately leading to the revocation of the license. The suspension was a result of the Bureau's investigation which determined that Community Residential Funding falsified information on borrowers' loan applications and created phony mortgage loan documents.

OTHER SIGNIFICANT OCCURRENCES

The year resulted in more licensees to be examined in the following programs: Mortgage Brokers, Lenders, and Servicers Licensing Act; Motor Vehicle Sales Finance Act; Regulatory Loan Act; and Secondary Mortgage Loan Act. Legislative changes made to the Secondary Mortgage Loan Act provide for an operating fee to be imposed on second mortgage licensees which will be based on volume of activity.

In a major change for the division, Deputy Commissioner Murray Brown retired May 29, 1997. Mr. Brown was with the Financial Institutions Bureau for 29 years. Mr. Brown started with the Financial Institutions Bureau as a Senior Economic Analyst, moving his way up to director of Policy and Consumer Affairs and ultimately deputy commissioner in charge of the Office of Policy and Consumer Affairs. As deputy commissioner, he was responsible for the drafting and negotiation of legislation which impacted financial institutions. Mr. Brown's commitment to the division will be deeply missed. Upon Murray Brown's retirement, Deputy Commissioner Gary K. Mielock took over the responsibility of supervision of the following acts: Consumer Financial Services Act, Credit Card Act, Mortgage Brokers, Lenders, and Servicers Licensing Act; Motor Vehicle Sales Finance Act; Regulatory Loan Act; Sale of Checks Act; and Secondary Mortgage Loan Act.

YEAR 2000

With the year 2000 quickly approaching, the Bureau is requesting information from licensees as to steps being taken to prepare their computer systems for any possible problems as a result of the new millennium.

CONSOLIDATED BALANCE SHEET

CONSUMER FINANCIAL SERVICES LICENSEES AS OF DECEMBER 31
(000S OMITTED)

1997

ASSETS

Cash on hand and in banks	\$ 316,484
Net receivable	13,496,158
Deferred charges and prepaid expenses	107,748
Other assets	5,916,929
Total Assets	\$ 19,837,319

LIABILITIES AND NET WORTH

Accounts and notes payable	10,198,785
Bonds and long term notes	2,813,939
Expense reserves	15,208
Other liabilities	4,636,786
Total Liabilities	\$ 17,664,718
Branch office capital	\$ 506,121
Capital stock	
Preferred	200
Common	13,143
Appropriated surplus or capital reserve	839,044
Earned surplus (including undivided profits)	814,093
Total Net Worth	\$ 2,172,601
Total Liabilities and Net Worth	\$ 19,837,319

CONSOLIDATED BALANCE SHEET

REGULATORY LOAN LICENSEES AS OF DECEMBER 31 (OOOS OMITTED)

1997

ASSETS

Cash on hand and in banks	\$ 151,274
Net receivable	5,531,644
Deferred charges and prepaid expenses	51,778
Other assets	1,498,089
 Total Assets	 \$ 7,232,785

LIABILITIES AND NET WORTH

Accounts and notes payable	\$ 2,704,920
Bonds and long term notes	2,064,069
Expense reserves	376,459
Other liabilities	1,159,233
 Total Liabilities	 \$ 6,304,681
 Branch office capital	
 Capital stock	
Preferred	4,308
Common	68,037
 Appropriated surplus or capital reserve	 706,581
 Earned surplus (including undivided profits)	 149,178
 Total Net Worth	 \$ 928,104
 Total Liabilities and Net Worth	 \$ 7,232,785

CONSOLIDATED STATEMENT OF INCOME

REGULATORY LOAN LICENSEES AS OF DECEMBER 31 (000s OMITTED)

1997

INCOME

Charges collected and/or earned	\$ 746,661
Collections on accounts previously charged off	267
Other income	(18,243)
Total Operating Income	\$ 728,685

EXPENSES

Advertising	\$ 21,939
Bad debts	
Charge offs	19,709
Additions to reserve for bad debts	128,757
Salaries	208,711
Interest paid	335,502
Other expenses	242,592
Total Expenses (excluding income taxes)	\$ 957,210
Income Before Taxes	(\$ 228,525)
Income taxes	
Local	(\$ 718)
Federal	(103,036)
Total Taxes	(\$ 103,754)
Net Income	(\$ 124,771)

CONSOLIDATED STATEMENT OF INCOME

CONSUMER FINANCIAL SERVICES LICENSEES AS OF DECEMBER 31
(OOOS OMITTED)

1997

INCOME

Charges collected and/or earned	\$ 2,265,552
Collections on accounts previously charged off	3,785
Other Income	1,106,410
Total Operating Income	\$ 3,375,747

EXPENSES

Advertising	\$ 114,693
Bad debts	
Charge offs	37,591
Additions to reserve for bad debts	264,613
Salaries	549,924
Interest paid	617,709
Other expenses:	1,294,638
Total Expenses (excluding income taxes)	\$ 2,879,168
Income Before Taxes	\$ 496,579
Income taxes	
Local	15,797
Federal	172,738
Total Taxes	\$ 188,535
Net Income	\$ 308,044

LICENSING AND ENFORCEMENT DIVISION



Barbara J. Strefling
Director

Linda L. Martin
Secretary to Director

Rhonda S. Alvarado
Secretary

Jean K. Carr
Secretary

Pamela K. Baker
Examiner

Karen E. Porter
Examiner

Marcia J. Miller
Complaint Specialist

Mark W. Weigold
Licensing Supervisor

Amy L. LeVasseur
Student Assistant

Sarah A. Ramroth
Student Assistant

The Licensing and Enforcement Division is responsible for issuing and amending licenses granting authority to conduct business under the following acts: Consumer Financial Services Act; Credit Card Act; Mortgage Brokers, Lenders, and Servicers Licensing Act; Motor Vehicle Sales Finance Act; Regulatory Loan Act; Sale of Checks Act; and Secondary Mortgage Loan Act. For an explanation of these acts, please see the narrative of the Office of Regulation.

The division is also responsible for initiating enforcement actions against licensees in accordance with the statutes noted above and the Michigan Administrative Procedures Act. In addition, the division is responsible for handling complaints filed by consumers against licensees and registrants.

TREND

The division has seen an approximate 25 per cent increase in the total number of licensees and registrants under the Mortgage Brokers, Lenders, and Servicers Licensing Act and the Secondary Mortgage Loan Act over the past year. Some of this increased activity can be attributed to the current refinance boom, caused in large part by low mortgage interest rates. The strong Michigan economy in general may have also contributed to the increase, as well as the fact that Michigan has a high rate of home ownership, which translates into a ready market for refinancing. In addition, the increased activity is attributable, in part, to amendments to the Secondary Mortgage Loan Act during 1997, which makes secondary mortgage licensing more attractive for companies seeking business opportunities in this area.

AVAILABILITY OF INFORMATION

The division has made information regarding the licensing process more accessible. Applications for licensure under the Mortgage Brokers, Lenders, and Servicers Licensing Act and the Secondary Mortgage Loan Act are available on the Bureau's web site. (Home page address is on Table of Contents page.) Applications for licensure under the Motor Vehicle Sales Finance Act and Regulatory Loan Act are also available on the site. Access via the Internet to applications for licensure under the remaining acts is being planned.

APPLICATION PROCESS

Streamlining the application process has also been a priority of the division. Several application forms have been redesigned to make them more user-friendly. The division is linked via computer to the Department of Treasury to speed background investigations on license applicants. Expanding hookups with other state agencies is also being explored.

CONSUMER FINANCIAL SERVICES ACT

There were 124 offices operating under a "Class I" license and 67 offices operating under a "Class II" license at year-end 1997. This compares to 81 "Class I" licensees and 51 "Class II" licensees a year earlier.

CREDIT CARD ACT

Two companies were licensed under the act as of December 31, 1997, down from 5 at year-end 1996.

MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT

During 1997, there were 249 licenses issued and 96 licenses canceled resulting in 715 licensees at year end, up from 562 in 1996. There were 71 registrations issued and 39 registrations canceled during 1997, leaving 238 registrants at year end compared to 206 at year-end 1996.

MOTOR VEHICLE SALES FINANCE ACT

At the end of 1997, there were 2,214 dealers licensed as installment sellers, compared to 2,168 at year-end 1996. There were 963 sales finance companies (including depository financial institutions) at year-end 1997, up slightly from 957 at year-end 1996.

REGULATORY LOAN ACT

There were 47 licensees at year-end 1997, up from 41 at year-end 1996.

SALE OF CHECKS ACT

At the end of 1997, there were 21 sale of checks licensees, up slightly from 18 at year-end 1996.

SECONDARY MORTGAGE LOAN ACT

There were 431 licensees and 56 registrants under the act as of December 31, 1997. There were 375 licensees at year-end 1996. Prior to the act's amendment on August 1, 1997, registrations under the act were not permitted.

ENFORCEMENT ACTIVITIES

Tom Kenny & Associates, Inc.

Tom Kenny & Associates, Inc. was licensed under the Mortgage Brokers, Lenders, and Servicers Licensing Act as a mortgage broker, lender, and servicer. The company did not renew its license effective July 1, 1997, has closed its doors, and ceased doing business.

According to consumer complaints filed with the Bureau, Tom Kenny & Associates, Inc. failed to return to consumers funds held in escrow accounts after their mortgage loans had been paid off.

The company maintained a \$100,000 letter of credit with the Commissioner, as required under the Mortgage Brokers, Lenders, and Servicers Licensing Act. In December, 1997, the Bureau filed a claim to collect a portion of the proceeds of this letter of credit. During 1998, these proceeds will be used to pay valid consumer claims.

COMPLAINT ACTIVITIES

During 1997, the division received 321 written complaints filed against its licensees and registrants

by consumers and creditors. The majority of these complaints were filed against mortgage companies. Many of these complaints involved problems with the mortgage application process. Others involved mortgage servicing issues. Approximately 50 of the remaining complaints were filed against motor vehicle licensees.

YEAR 2000

With the year 2000 approaching, the division will be revising applicable license and registration applications to assist prospective licensees and registrants in ensuring that their computer systems are in compliance.

LICENSEES

AS OF DECEMBER 31

	1997	1996
CONSUMER FINANCIAL SERVICES ACT		
Number of class I licensees	124	81
Number of class II licensees	67	51
CREDIT CARD ACT		
Number of licensees	2	5
MORTGAGE BROKERS, LENDERS, AND SERVICERS LICENSING ACT		
Number of licensees	715	562
Number of registrants	238	206
MOTOR VEHICLE SALES FINANCE ACT		
Number of sales finance licensees	963	957
Number of installment seller licensees	2,214	2,168
REGULATORY LOAN ACT		
Number of licensees	47	41
SALE OF CHECKS ACT		
Number of licensees	21	18
SECONDARY MORTGAGE LOAN ACT		
Number of licensees	431	375
Number of registrants*	56	N/A

*Statute amended in 1997 to require registration of certain entities.

CONSUMER FINANCIAL SERVICES LICENSEES

AS OF DECEMBER 31

Licensee	City	State
Aames Funding Corporation	Southfield	MI
Aames Funding Corporation	Los Angeles	CA
Aames Funding Corporation	Sterling Heights	MI
Aames Funding Corporation	Grand Rapids	MI
Aames Funding Corporation	Los Angeles	CA
Aames Funding Corporation	Saginaw	MI
Aames Home Loan	Southfield	MI
Aames Home Loan	Los Angeles	CA
Aames Home Loan	Sterling Heights	MI
Aames Home Loan	Grand Rapids	MI
Aames Home Loan	Los Angeles	CA
Aames Home Loan	Saginaw	MI
Advanta Finance Corp.	San Diego	CA
Advanta Finance Corp.	Grand Rapids	MI
American General Finance, Inc.	Ann Arbor	MI
American General Finance, Inc.	Waterford	MI
American General Finance, Inc.	Grand Rapids	MI
American General Finance, Inc.	Kalamazoo	MI
Associates Consumer Finance Company	Salt Lake City	UT
Associates Financial Services Company of Michigan, Inc.	Saginaw	MI
Associates Financial Services Company of Michigan, Inc.	Flint	MI
Associates Financial Services Company of Michigan, Inc.	Brighton	MI
Associates Financial Services Company of Michigan, Inc.	Lansing	MI
Associates Financial Services Company of Michigan, Inc.	Lapeer	MI
Associates Financial Services Company of Michigan, Inc.	Grand Rapids	MI
Associates Financial Services Company of Michigan, Inc.	Fort Gratiot	MI
Associates Financial Services Company of Michigan, Inc.	Madison Heights	MI
Associates Financial Services Company of Michigan, Inc.	Kalamazoo	MI
Associates Financial Services Company of Michigan, Inc.	Canton	MI
Associates Financial Services Company of Michigan, Inc.	Muskegon	MI
Associates Financial Services Company of Michigan, Inc.	Traverse City	MI
Associates Financial Services Corporation	Toledo	OH
Associates Financial Services Company of Delaware, Inc.	Arlington	TX
Associates Financial Services Company of Delaware, Inc.	Irving	TX
Associates Housing Finance Services, Inc.	Irving	TX
Associates Housing Finance Services, Inc.	Cincinnati	OH
Associates Housing Finance Services, Inc.	Grand Rapids	MI

CONSUMER FINANCIAL SERVICES LICENSEES (CONTINUED)

Licensee	City	State
Associates Housing Finance Services, Inc.	Fenton	MO
Associates Housing Finance Services, Inc.	Greensboro	NC
Associates Housing Finance Services, Inc.	Atlanta	GA
Associates Housing Finance Services, Inc.	Atlanta	GA
Avco Financial Services of Indianapolis, Inc.	Mishawaka	IN
Avco Financial Services of Indianapolis, Inc.	Goshen	IN
Avco Financial Services of Indianapolis, Inc.	Michigan City	IN
Avco Financial Services of Wisconsin, Inc.	Marinette	WI
Avco Financial Services of Wisconsin, Inc.	Niagara	WI
Avco Financial Services of Michigan, Inc.	Lansing	MI
Avco Financial Services of Michigan, Inc.	Dearborn	MI
Avco Financial Services of Indianapolis, Inc.	South Bend	IN
Avco Financial Services of Michigan, Inc.	Escanaba	MI
Avco Financial Services of Michigan, Inc.	Iron Mountain	MI
Avco Money By Mail, Inc.	Aurora	CO
Banc One Financial Services, Inc.	Bloomfield Hills	MI
Banc One Financial Services, Inc.	Taylor	MI
Banc One Financial Services, Inc.	Battle Creek	MI
Banc One Financial Services, Inc.	Dowagiac	MI
Banc One Financial Services, Inc.	Hillsdale	MI
Banc One Financial Services, Inc.	Holland	MI
Banc One Financial Services, Inc.	Kalamazoo	MI
Banc One Financial Services, Inc.	Farmington Hills	MI
Banc One Financial Services, Inc.	Sterling Heights	MI
Banc One Financial Services, Inc.	Burton	MI
Banc One Financial Services, Inc.	Ann Arbor	MI
Banc One Financial Services, Inc.	Kentwood	MI
Banc One Financial Services, Inc.	Okemos	MI
Banc One Financial Services, Inc.	Phoenix	AZ
Banc One Financial Services, Inc.	Indianapolis	IN
Banc One Financial Services, Inc.	Saginaw	MI
Banc One Financial Services, Inc.	Schaumburg	IL
Beneficial Michigan Inc.	Sterling Heights	MI
Beneficial Michigan Inc.	Columbus	OH
Beneficial Michigan Inc.	Eastpointe	MI
Beneficial Michigan Inc.	Warren	MI
Beneficial Michigan Inc.	Garden City	MI
Beneficial Michigan Inc.	Southgate	MI

CONSUMER FINANCIAL SERVICES LICENSEES (CONTINUED)

Licensee	City	State
Beneficial Michigan Inc.	Livonia	MI
Beneficial Michigan Inc.	Royal Oak	MI
Beneficial Michigan Inc.	Burton	MI
Beneficial Michigan Inc.	Waterford	MI
Bombardier Capital Inc.	Jacksonville	FL
CMC Funding Inc.	Montgomery	AL
Commercial Credit Corporation	Solon	OH
Credicorp, Inc.	Chicago	IL
Deere Credit, Inc.	West Des Moines	IA
Dynex Financial, Inc.	Glen Allen	VA
Dynex Financial, Inc.	Troy	MI
Equivantage Inc.	Houston	TX
Financial Network Alliance, L.L.P.	Elmhurst	IL
Ford Consumer Finance Company, Inc.	Irving	TX
Ford Consumer Finance Company, Inc.	Troy	MI
Ford Consumer Finance Company, Inc.	Cincinnati	OH
Ford Consumer Finance Company, Inc.	Irving	TX
Ford Consumer Finance Company, Inc.	Grand Rapids	MI
Ford Consumer Finance Company, Inc.	Independence	OH
Ford Consumer Finance Company, Inc.	Fenton	MO
Ford Consumer Finance Company, Inc.	Irving	TX
Ford Consumer Finance Company, Inc.	Atlanta	GA
Ford Consumer Finance Company, Inc.	Greensboro	NC
Ford Consumer Finance Company, Inc.	Mishawaka	IN
Ford Consumer Finance Company, Inc.	East Lansing	MI
Ford Consumer Finance Company, Inc.	Irving	TX
Ford Motor Credit Company	Dearborn	MI
Ford Motor Credit Company	Burr Ridge	IL
Ford Motor Credit Company	Allen Park	MI
Ford Motor Credit Company	Troy	MI
Ford Motor Credit Company	Grand Rapids	MI
Ford Motor Credit Company	Okemos	MI
Ford Motor Credit Company	South Bend	IN
Ford Motor Credit Company	Appleton	WI
Ford Motor Credit Company	Findlay	OH
Ford Motor Credit Company	Dearborn	MI
Ford Motor Credit Company	Saginaw	MI
GMAC Mortgage Corporation	Troy	MI

CONSUMER FINANCIAL SERVICES LICENSEES (CONTINUED)

Licensee	City	State
Green Tree Financial Servicing Corporation	Grand Rapids	MI
Green Tree Financial Servicing Corporation	St. Paul	MN
Green Tree Financial Servicing Corporation	Appleton	WI
Green Tree Financial Servicing Corporation	Livonia	MI
Green Tree Financial Servicing Corporation	Livonia	MI
Green Tree Financial Servicing Corporation	Carmel	IN
Green Tree Financial Servicing Corporation	Grand Rapids	MI
Green Tree Financial Servicing Corporation	Livonia	MI
Household Finance Corporation III	Dearborn Heights	MI
Household Finance Corporation III	Novi	MI
Household Finance Corporation III	Flint	MI
Household Finance Corporation III	Walker	MI
Household Finance Corporation III	Lansing	MI
Household Finance Corporation III	Farmington	MI
Household Finance Corporation III	Waterford	MI
Household Finance Corporation III	Portage	MI
Household Finance Corporation III	Fort Gratiot	MI
Household Finance Corporation III	Roseville	MI
Household Finance Corporation III	Royal Oak	MI
Household Finance Corporation III	Saginaw	MI
Household Finance Corporation III	Shelby Township	MI
Household Finance Corporation III	Canton	MI
Household Finance Corporation III	Southgate	MI
Household Finance Corporation III	Kentwood	MI
Household Finance Corporation III	Ann Arbor	MI
Household Finance Corporation III	Jackson	MI
Household Finance Corporation III	Holland	MI
Household Finance Corporation III	Muskegon	MI
Household Finance Corporation III	Battle Creek	MI
Household Finance Corporation III	Elmhurst	IL
Investaid Corporation	Birmingham	MI
Mid Am Financial Services, Inc.	Carmel	IN
Midamerican Home Equity Corp.	Columbus	OH
Money Source Financial Services, Inc.	Saline	MI
Nationscredit Financial Services Corporation	Kalamazoo	MI
Nationscredit Financial Services Corporation	Lansing	MI
Nationscredit Financial Services Corporation	Oak Park	MI
Nationscredit Financial Services Corporation	Grand Rapids	MI
Nationscredit Financial Services Corporation	Granger	IN

CONSUMER FINANCIAL SERVICES LICENSEES (CONTINUED)

Licensee	City	State
Nationscredit Financial Services Corporation	Canton	MI
Nationscredit Financial Services Corporation	Fort Worth	TX
Nationscredit Home Equity Services Corporation	Irving	TX
Nationscredit Home Equity Services Corporation	Fort Worth	TX
Norwest Financial Michigan, Inc.	Troy	MI
Norwest Financial Michigan, Inc.	Benton Charter Township	MI
Norwest Financial Michigan, Inc.	Taylor	MI
Norwest Financial Michigan, Inc.	Canton	MI
Norwest Financial Michigan, Inc.	Grand Rapids	MI
Novus Financial Corporation	Northbrook	IL
Novus Financial Corporation	Sioux Falls	SD
Novus Financial Corporation	Murray Hill	NJ
Pacesetter Financial Services, Inc.	Big Rapids	MI
Pacesetter Financial Services, Inc.	Holland	MI
PHH Auto Finance Corporation	Mount Laurel	NJ
TCF Consumer Financial Services, Inc. / dba TCF Financial Services	Troy	MI
TCF Consumer Financial Services, Inc. / dba TCF Financial Services	Taylor	MI
TCF Consumer Financial Services, Inc. / dba TCF Financial Services	Ann Arbor	MI
TCF Consumer Financial Services, Inc. / dba TCF Financial Services	Grand Rapids	MI
TCF Consumer Financial Services, Inc. / dba TCF Financial Services	Kalamazoo	MI
TMS Mortgage Inc.	Livonia	MI
TMS Mortgage Inc.	Sacramento	CA
TMS Mortgage Inc.	Sacramento	CA
TMS Mortgage Inc.	Grand Rapids	MI
TMS Mortgage Inc.	Clark	NJ
TMS Mortgage Inc. / dba The Money Store	Sacramento	CA
TMS Mortgage Inc. / dba The Money Store	Troy	MI
TMS Mortgage Inc. / dba The Money Store	Warren	NJ
TMS Mortgage Inc. / dba The Money Store	Sacramento	CA
TMS Mortgage Inc. / dba The Money Store	Jacksonville	FL
TMS Mortgage Inc. / dba The Money Store	Tulsa	OK
TMS Mortgage Inc. / dba The Money Store	Bingham Farms	MI
Transamerica Home Loan	Los Angeles	CA
Transamerica Home Loan	Lexena	KA
Transamerica Home Loan	Schaumburg	IL
Travelers Home Mortgage Services, Inc.	Hanover	MD
Travelers Home Mortgage Services, Inc.	Newton Falls	OH
Vision Mortgage and Finance Co.	Niles	MI
Wilshire Credit Corporation	Portland	OR

CREDIT CARD LICENSEES

AS OF DECEMBER 31

Licensee	City	State
Associates Leasing, Inc.	Carrollton	TX
Whirlpool Financial Corporation	Benton Harbor	MI

SALE OF CHECKS LICENSEES

AS OF DECEMBER 31

Licensee	City	State/Country
American Express Travel Related Services Co., Inc.	Detroit	MI
Barclays Bank PLC	New York	NY
Citicorp	New York	NY
Comdata Network, Inc.	Brentwood	TN
Franchise S. A.	Paris	France
Integrated Payment Systems, Inc.	Englewood	CO
Interpayment Services Limited	London	England
Mid-America Money Order Company	Louisville	KY
Moneygram Payment Systems, Inc.	Lakewood	CO
Pekao Trading Corporation	New York	NY
Ria Telecommunications, Inc.	New York	NY
Security Financial Services, Inc. / dba Security Express Money Order	Southfield	MI
Societe Francaise Du Cheque De Voyage	Paris	France
Thomas Cook Australia Pty. Limited	Melbourne	Australia
Thomas Cook Currency Services Inc. / dba f/k/a Deak International Limited	New York	NY
Thomas Cook Travelers Cheques Ltd.	Peterborough	England
Thomas Cook, Inc.	New York	NY
Travelers Express Company, Inc.	Minneapolis	MN
Travellers Cheque Associates Limited	Brighton	France
U.S. Money Express Co.	Chicago	IL
Western Union Financial Services, Inc.	Upper Saddle River	NJ

REGULATORY LOAN LICENSEES

AS OF DECEMBER 31

Licensee	City	State
Arcadia Financial Ltd.	Minneapolis	MN
Arcadia Financial Ltd.	Williamsville	NY
Banc One Financial Services, Inc.	Schaumburg	IL
Baxter Finance Corporation	Flint	MI
Burlingame Co. / dba Consolidation Mortgage Co.	Wyoming	MI
City Loan Financial Services, Inc.	Toledo	OH
City Loan Financial Services, Inc.	Toledo	OH
City Loan Financial Services, Inc.	Wauseon	OH
City Loan Financial Services, Inc.	Newton Falls	OH
City Loan Financial Services, Inc.	Northwood	OH
Commercial Credit Corporation	Lathrup Village	MI
Commercial Credit Corporation	Wyoming	MI
Commercial Credit Corporation	Troy	MI
Commercial Credit Corporation	Ann Arbor	MI
Commercial Credit Corporation	Kalamazoo	MI
Commercial Credit Corporation	Lansing	MI
Commercial Credit Corporation	Saginaw	MI
Commercial Credit Corporation	Southgate	MI
Commercial Credit Corporation	Solon	OH
Commercial Credit Loans, Inc.	Mishawaka	IN
Credit Acceptance Corporation	Southfield	MI
Empire Funding Corp.	Troy	MI
Equity One, Inc.	East Lansing	MI
Equity One, Inc.	Troy	MI
Fidelity Financial Services Inc.	Southfield	MI
GE Capital Consumer Lending, Inc.	Rolling Meadows	IL
General Acceptance Corporation	East Lansing	MI
Mac Auto Finance Corp.	Farmington Hills	MI
Mac Auto Finance Corp.	Bay City	MI
Mac Auto Finance Corp.	Grand Rapids	MI
Mac Auto Finance Corp.	Grand Rapids	MI
Mercury Finance Company of Michigan	Clinton Township	MI
Mercury Finance Company of Michigan	Taylor	MI
Mercury Finance Company of Michigan	Flint	MI
Mercury Finance Company of Michigan	Lansing	MI
Mercury Finance Company of Michigan	Kentwood	MI

REGULATORY LOAN LICENSEES (CONTINUED)

Licensee	City	State
Mhong Financial Network	Detroit	MI
Money Store Auto Finance Inc., The	Clinton Township	MI
Money Store Auto Finance Inc., The	Sacramento	CA
Mortgage Institute of Michigan, Inc.	Southfield	MI
Muskegon Loan Co.	Muskegon	MI
Optacor Financial Services Company	Linthicum	MD
People First Finance, L.L.C.	San Diego	CA
Quality Credit Company of Zeeland Michigan, Inc.	Zeeland	MI
TNT Financial, Inc. / dba CNAC	Midland	MI
Union Acceptance Corporation	Indianapolis	IN
Walter C. Wylie & Co.	Sault Ste. Marie	MI

SECONDARY MORTGAGE LICENSEES

AS OF DECEMBER 31

Licensee	City	State
A-AABCO America's Home Mortgage Co.	Dearborn	MI
A.R.T. Financial Services, Inc. / dba Franklin Mortgage	Holland	MI
Acceptance Mortgage Corporation	Southfield	MI
Accredited Home Lenders, Inc. / dba Axiom Financial Services	San Diego	CA
Action Financial, Inc.	Redford	MI
Advanced Innovative Mortgages, Inc.	Flint	MI
Aequi-Mutual Mortgage Corp.	Troy	MI
Affordable Finance Corporation	Bloomfield Hills	MI
AFS Financial Services, Inc.	Newport	RI
Allerton Financial Corp	Bloomfield Hills	MI
Allied Funding Corp.	Spring Arbor	MI
Alpha Mortgage Services, Inc.	Toledo	OH
Altegra Credit Company	Lansing	MI
Altegra Credit Company	Kentwood	MI
America's Moneyline, Inc.	Glen Allen	VA
American Acceptance Mortgage Corporation / dba AA Mortgage Corp.	Bloomfield Hills	MI
American General Finance, Inc. (Ind)	Angola	IN
American General Finance, Inc. (Ind)	Elkhart	IN

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
American General Finance, Inc. (Ind)	South Bend	IN
American General Finance, Inc. (Ind)	Michigan City	IN
American General Finance, Inc.	Toledo	OH
American General Finance, Inc.	Mishawaka	IN
American General Finance, Inc.	South Bend	IN
American General Finance, Inc. (Ind)	South Bend	IN
American General Finance, Inc.	Toledo	OH
American Heritage, Inc.	Prudenville	MI
American Unified Mortgage, Inc.	Oceanside	CA
Amerifirst Financial Corporation	Portage	MI
Ameritrust Mortgage Corporation	San Diego	CA
Approved Mortgages, Inc.	Canton	MI
Arnest, Stephen E.	Kalamazoo	MI
Avalon Realty And Mortgage, Inc.	Grand Rapids	MI
Ayoub, David	Southfield	MI
B & P Mortgage	Grand Rapids	MI
Ballou, Frederick Clayton	Lansing	MI
Banc One Financial Services, Inc.	Schaumburg	IL
Bass, Eugene H.	Lansing	MI
Beadle, Pamela Sue	Kalamazoo	MI
Beneficial Mortgage Co. of Indiana	Elkhart	IN
Beneficial Mortgage Co. of Ohio	Bryan	OH
Beneficial Mortgage Co. of Ohio	Toledo	OH
Beneficial Mortgage Co. of Indiana	Mishawaka	IN
Beneficial Mortgage Co. of Indiana	Laporte	IN
Beneficial Mortgage Co. of Ohio	Toledo	OH
Beneficial Mortgage Co. of Indiana	Angola	IN
Beneficial Mortgage Corporation	Brewster	NY
Beneficial Mortgage Corporation	Sterling Heights	MI
Berens, Scott Alan	Holland	MI
Birchmeier, Thomas E.	Flint	MI
Birmingham Bancorp Mortgage Corporation	West Bloomfield	MI
Blair, Grady Barksdale	Southfield	MI
Boozer, Davida Rena	Southfield	MI
Bradford Group, Inc., The / dba Bradford Home Loans	East Lansing	MI
Broersma, Joel D.	Grand Rapids	MI
Bronze Financial Services, Inc. / dba Principal Mortgage	Oak Park	MI
Brookside Mortgage Corporation	Kalamazoo	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Brown, Michael Glenn	Troy	MI
Burlingame Co. / dba Consolidation Mortgage Co.	Wyoming	MI
Bussema, Daniel Jay / dba Central States Mortgage & Financial Company	Richland	MI
Byars, Daniel Cloys	Southgate	MI
Byer, Barbara Cascade	Farmington	MI
Byer, Gerald	Farmington Hills	MI
C.M.A. Mortgage, Inc.	Pendleton	IN
Cadovich, Joann Catherine	Madison Heights	MI
California Lending Group, Inc.	Irvine	CA
Capital Direct Funding Group, Inc.	Laguna Hills	CA
Capital Mortgage Funding L.L.C.	Southfield	MI
Capstone Mortgage Corporation	Royal Oak	MI
Card, Lawrence B.	Shelby Township	MI
Carolina Mortgage Brokers, Inc.	Greensboro	NC
Carroll, Alvin	Detroit	MI
CBSK Financial Group, Inc. / dba American Home Loans	Santa Ana	CA
Central Mortgage Funding Corp.	Warren	MI
Chase Manhattan Mortgage Corporation	Woodcliff Lake	NJ
Chase Manhattan Mortgage Corporation	Denver	CO
Chase, Jeffrey H.	Farmington Hills	MI
Childs, Jr. Neil F.	Shelby	MI
Chlebana, Elizabeth M.	Wayland	MI
Choice Federal Mortgage, Inc.	Grand Rapids	MI
Choice Lending Group L.L.C.	Bloomfield Hills	MI
Cioch, Thomas H.	Southfield	MI
Citicorp Mortgage, Inc.	St. Louis	MO
Citicorp Mortgage, Inc.	St. Louis	MO
City Federal Funding & Mortgage Corporation	College Park	MD
City Loan Financial Services, Inc.	Toledo	OH
City Loan Financial Services, Inc.	Toledo	OH
City Loan Financial Services, Inc.	Wauseon	OH
City Loan Financial Services, Inc.	Newton Falls	OH
City Loan Financial Services, Inc.	Northwood	OH
Cityscape Mortgage Corp.	Elmsford	NY
Cityscape Mortgage Corp.	Oak Brook	IL
CMI Mortgage Company	Port Huron	MI
CoFinancial, Inc.	Milford	MI
Commercial Credit Corporation	Bingham Farms	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Commercial Credit Corporation	Wyoming	MI
Commercial Credit Corporation	Troy	MI
Commercial Credit Corporation	Ann Arbor	MI
Commercial Credit Corporation	Kalamazoo	MI
Commercial Credit Corporation	Lansing	MI
Commercial Credit Corporation	Saginaw	MI
Commercial Credit Corporation	Southgate	MI
Commercial Credit Corporation	Newton Falls	OH
Commercial Credit Loans, Inc.	Mishawaka	IN
Commonpoint Mortgage	Grand Rapids	MI
Commonpoint Mortgage	Saginaw	MI
Commonpoint Mortgage	Lansing	MI
Concord Financial, Inc.	West Bloomfield	MI
Concord Funding Corporation	Grand Rapids	MI
Consolidated Mortgage and Financial Services Corporation	Cary	NC
Consumer Security Mortgage, Inc.	Oak Brook	IL
Continental Mortgage Corporation U.S.A.	Southfield	MI
Copeland Mortgage Services, Inc	Okemos	MI
Coppess, Charles Richard	Lansing	MI
Countrywide Home Loans, Inc.	Detroit	MI
Countrywide Home Loans, Inc.	Ann Arbor	MI
Countrywide Home Loans, Inc.	Grand Rapids	MI
Countrywide Home Loans, Inc.	Lathrup Village	MI
Countrywide Home Loans, Inc.	Troy	MI
Countrywide Home Loans, Inc.	Waterford	MI
Countrywide Home Loans, Inc.	Farmington Hills	MI
Countrywide Home Loans, Inc.	Pasadena	CA
Countrywide Home Loans, Inc.	Farmington Hills	MI
Countrywide Home Loans, Inc.	Livonia	MI
Countrywide Home Loans, Inc.	Toledo	OH
Crestar Mortgage Corporation	Schaumburg	IL
Crestar Mortgage Corporation	Richmond	VA
Crum, William Revall	Southfield	MI
Crystal Mortgage Company, Inc.	Burton	MI
Custom Mortgage, Inc.	Indianapolis	IN
Dallo, Khaled A.	Southfield	MI
Decision One Mortgage Company, L.L.C.	Livonia	MI
Direct Mortgage Group	Birmingham	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Ditech Funding Corporation	Irvine	CA
Diversified Mortgage Finance, Inc.	Lansing	MI
DMR Financial Services, Inc.	Southfield	MI
Dollar Mortgage Corporation	La Mesa	CA
Drake, Markley Adam	Portage	MI
Dynasty Funding Corp.	Farmington Hills	MI
E.Z. Financial and Mortgage, Inc.	Grandville	MI
Eastern Mortgage Services, Inc.	Trevose	PA
Emergent Mortgage Corp.	Pickens	SC
Emergent Mortgage Corp.	Indianapolis	IN
Emergent Mortgage Corp. / dba Homegold	Phoenix	AZ
Empire Funding Corp.	Troy	MI
Engweiler, Craig Conrad	Muskegon	MI
Equi-Financial, L.P.	East Providence	RI
Equicredit Corporation of MI	Grand Rapids	MI
Equicredit Corporation of MI	Southfield	MI
Equicredit Corporation of MI	Troy	MI
Equicredit Corporation of MI	South Bend	IN
Equicredit Corporation of MI	Lansing	MI
Equicredit Corporation of MI	Toledo	OH
Equicredit Corporation of MI	Jacksonville	FL
Equisource Home Credit, Inc.	Birmingham	MI
Equitrust Mortgage Corporation	Livonia	MI
Equitrust Mortgage Corporation	Grand Rapids	MI
Equity Funding & Associates, Inc.	West Bloomfield	MI
Equity One, Inc.	East Lansing	MI
Equity One, Inc.	Troy	MI
Equityline Financial Services, Inc.	Aurora	CO
Evergreen Mortgage Corporation	Grand Rapids	MI
Excel Mortgage Corporation	Grand Rapids	MI
Exchange Mortgage Corporation	Southfield	MI
Executec Mortgage Corporation	Farmington Hills	MI
Faletti, Douglas	Farmington Hills	MI
Faraj, Asaad	Southfield	MI
Faraj, Ramzi B.	Southfield	MI
Farchione, Rose Anna	Farmington Hills	MI
Federal Mortgage Corporation, Inc.	Farmington Hills	MI
Fieldstone Mortgage Company	Baltimore	MD

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Finance America Corporation of Maryland	College Park	MD
Financial Mortgage Corporation	Grosse Pointe Woods	MI
First Alliance Mortgage Company	Bingham Farms	MI
First Consumers Mortgage, Inc.	Walnut Creek	CA
First Financial Funding Corporation	Northville	MI
First International, Inc. / dba First International Mortgage Corporation dba FIMC	Birmingham	MI
First Merchants Residential Credit Corporation	Fort Worth	TX
First Mortgage America	Southfield	MI
First Mountain Mortgage Corp.	Southfield	MI
First Mountain Mortgage Corp.	Flint	MI
First National Home Finance Corporation	San Diego	CA
First Preferred Mortgage Co.	Port Huron	MI
Firstplus Financial, Inc.	Dallas	TX
Ford, Scott	Farmington Hills	MI
Freedom Mortgage & Financial Services, Inc.	Highland	IN
Freedom Mortgage Corporation	Salt Lake City	UT
FSC Corporation / dba FSC Mortgage Corporation	Pittsburgh	PA
FT Mortgage Companies / dba Sunbelt National Mortgage	Sterling Heights	MI
FT Mortgage Companies	Plymouth	MI
Full Spectrum Lending, Inc.	Pasadena	CA
Full Spectrum Lending, Inc.	Plano	TX
Gamber, Danny C.	Monroe	MI
GE Capital Mortgage Services, Inc.	Warwick	RI
GE Capital Mortgage Services, Inc.	Phoenix	AZ
GEM Business Group, Inc. / dba Premier Lending Group	St. Clair Shores	MI
Getzin, Paul A. & Lynn M. / dba West Michigan Financial Services	Grand Rapids	MI
Gill, Kenneth Oliver	Southfield	MI
Ginger Mae, Inc.	Baton Rouge	LA
Global Mortgage Co.	Kentwood	MI
Gold, Irina E.	Southfield	MI
Golden Eagle Investments, Inc. / dba Golden Eagle Capital / dba GEC Mortgage	Pontiac	MI
Golden Way Security Corporation	Livonia	MI
Goldleaf Mortgage Corp.	Grand Rapids	MI
Goonis, Daniel L.	Farmington Hills	MI
Grassmid, Alma Jean	Holland	MI
Griswold Mortgage Company	Southfield	MI
Group One Mortgage Corporation	Livonia	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Guild Mortgage Company	San Diego	CA
Gupta, Chhote Lal	Southfield	MI
Harris Financial Group, Inc.	Troy	MI
Hawkins, Gary A.	Farmington Hills	MI
Hearthside Mortgage Co.	Warren	MI
Heartland Home Finance, Inc.	Middleburg Heights	OH
Heartwell Mortgage Corporation	Grand Rapids	MI
Hekman, James Henry	Holland	MI
Hemmerly, Carol Anne	Troy	MI
Hilton Mortgage Corporation	Clarkston	MI
Home Equity USA, Inc.	Atlanta	GA
Homecomings Financial Network, Inc.	Dallas	TX
Homecomings Financial Network, Inc.	Fort Lauderdale	FL
Homecomings Financial Network, Inc.	Minneapolis	MN
Homecomings Financial Network, Inc.	Petaluma	CA
Homecomings Financial Network, Inc.	Rolling Meadows	IL
Homecomings Financial Network, Inc.	West Bloomfield	MI
Homecomings Financial Network, Inc.	San Diego	CA
Homefirst National, Inc.	Earth City	MO
Homeowners Mortgage & Equity, Inc.	Austin	TX
Homestead Mortgage Company, (The)	Southfield	MI
Horizon Mortgage Corporation	Hinsdale	IL
Horne, Darryl Keith	Southfield	MI
Household Realty Corporation	Toledo	OH
ICA Mortgage Company	Southfield	MI
Ideal Mortgage Corporation	Southfield	MI
IMCO Corporation	Southfield	MI
Imhoff, Kevin J.	Lansing	MI
Investors Mortgage Corporation	Farmington Hills	MI
Ireland, Erik William	Farmington Hills	MI
Irwin Home Equity Corporation	Columbus	IN
Ivy Mortgage Corp.	Belle Mead	NJ
JAM Consultants, Inc.	Alexandria	IN
Jilek, James J.	Muskegon	MI
John Adams Mortgage Company	Farmington Hills	MI
Jones, Ann Jennetta	Southfield	MI
Kalamazoo Mortgage Company	Kalamazoo	MI
Kaye Financial Corporation	Bloomfield Hills	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
King Financial, Inc.	Rochester Hills	MI
Klaus, Kriss K.	Lapeer	MI
Koprowski, Rose A.	New Baltimore	MI
Korson, Michael	Sterling Heights	MI
Kovarik, Craig A.	Farmington Hills	MI
Kulaszewicz, Robert Anthony	Grand Rapids	MI
Lafave, Michael J.	Livonia	MI
Lafave, Scott Joseph	Farmington Hills	MI
Lee, Clarence, Jr.	Farmington Hills	MI
Lee, Michael J.	Farmington Hills	MI
Leitner, Gary	Farmington Hills	MI
Lenderman, Leslie Ann	Rochester	MI
Lewicki, Theodore A. / dba A-1 Mortgage	Waterford	MI
Lighthouse Mortgage Incorporated	West Bloomfield	MI
Lincoln Mortgage Corporation	Farmington Hills	MI
Long Beach Mortgage Company	Southfield	MI
Long Beach Mortgage Company	Orange	CA
Long Beach Mortgage Company	Sacramento	CA
Lownds, Dan G.	Muskegon	MI
Mainstreet Mortgage, Inc. / dba FIFC	Birmingham	MI
Manuel, James William	Farmington Hills	MI
Mayles, John Herman	Shelby Township	MI
MBNA Consumer Services, Inc.	Newark	DE
McAboy, Louis	Farmington Hills	MI
McCarroll, Heidi L.	Livonia	MI
McDonald, Paulette	Southfield	MI
McDougall, Thomas Lawrence	Bay City	MI
McKimmy, Donald K.	Bad Axe	MI
McLaughlin, James Earl	Farmington Hills	MI
Meeks, Shirley A.	Jackson	MI
Mego Mortgage Corporation	Atlanta	GA
Merrill Lynch Credit Corporation	Jacksonville	FL
Merrill Lynch, Pierce, Fenner & Smith, Incorporated	New York	NY
Metro Mortgage Corporation	Northville	MI
Metropolitan Financial Michigan	Orange	CA
MICA Mortgage Corporation	Troy	MI
Michigan Fidelity Acceptance Corporation	Southfield	MI
Michigan Mortgage Exchange, Inc.	Warren	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Michigan Mortgage Lenders Corp.	Bloomfield Hills	MI
Miller, Gail Louise	Ann Arbor	MI
Miller, Marvin S.	Jackson	MI
Miller, Shellane Marie	Grand Rapids	MI
Moceri, Jerome Thomas	Grand Blanc	MI
Modrich, Thomas	Farmington Hills	MI
MOFC, Inc. / dba Consumer One Financial	Birmingham	MI
More Equity of Delaware, Inc.	Farmington Hills	MI
Morey, Carolyn	Grand Rapids	MI
Mortgage America (IMC), Inc.	Farmington Hills	MI
Mortgage America (IMC), Inc.	Bay City	MI
Mortgage House, Incorporated (The)	Holland	MI
Mortgage Institute of Michigan, Inc.	Southfield	MI
Mortgage Sources, Inc.	Birmingham	MI
Mortgage Specialists Incorporated	Clawson	MI
Mosteller, Richard B.	Troy	MI
Mountain States Mortgage Centers, Inc.	Sandy	UT
Mutual Financial Services Inc.	Farmington	MI
N.E.C. of Michigan Inc.	Clifton Park	NY
National Lending Center, Inc., A Michigan Corporation	Deerfield Beach	FL
Nelson, Lewis H. Jr.	Farmington Hills	MI
Neracher, Douglas J.	Portage	MI
Niezgoda, Thomas Gerard	Troy	MI
NLC Holdings, Inc.	Deerfield Beach	FL
NLC Holdings, Inc.	Lombard	IL
North American Mortgage Company	Santa Rosa	CA
North American Mortgage Company	Santa Rosa	CA
North American Mortgage Company	Clarkston	MI
North American Mortgage Company	Southgate	MI
North American Mortgage Company	Grand Rapids	MI
North American Mortgage Company	Troy	MI
North American Mortgage Company	St. Clair Shores	MI
Norwest Financial Indiana, Inc.	Mishawaka	IN
Norwest Financial Indiana, Inc.	Fort Wayne	IN
Norwest Financial Ohio 1, Inc.	Toledo	OH
Norwest Financial Ohio 1, Inc.	Toledo	OH
Norwest Financial Ohio 1, Inc.	Oregon	OH
Norwest Mortgage, Inc.	Clinton Township	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Norwest Mortgage, Inc.	Troy	MI
Norwest Mortgage, Inc.	Waterford	MI
Norwest Mortgage, Inc.	Grand Rapids	MI
Old Republic Insured Financial Acceptance Corporation	Southfield	MI
Pacesetter Mortgage Company, Inc.	Okemos	MI
Pacific Thrift & Loan Company	Walnut Creek	CA
Patrello, Charles	White Lake Township	MI
Pelleschi, Michael P.	Orion	MI
PHH Mortgage Services Corporation	Mount Laurel	NJ
Pillar Financial Corporation /dba Pillar Mortgage / dba A+ Mortgage	Waterford	MI
Pioneer Mortgage, Inc.	Novi	MI
Pletcher, Dewayne Bently Jr.	Portage	MI
Plymouth Capital Company, Inc.	Plymouth	MN
PNC Mortgage Corp. of America	Lombard	IL
Podmokly, Thaddeus Henry, II	Farmington Hills	MI
Polgar, Michael Thomas	Farmington Hills	MI
Polsinelli, Gary A.	Farmington Hills	MI
Porter, Leslie W.	Grand Rapids	MI
Porter, Wayne C.	Grand Rapids	MI
Preferred Mortgage Services, Inc.	Jenison	MI
Prestige Financial Services Corporation	Deerfield Beach	FL
Priestly, Larry Gonzalo	Southfield	MI
Primerica Financial Services Home Mortgages, Inc.	Duluth	GA
Prism Mortgage Company	Southfield	MI
Professional Lending Group / dba PLG Funding Corp.	Southfield	MI
Professional Mortgage Services, Inc.	South Lyon	MI
Progressive Mortgages, Inc.	East Lansing	MI
R-B Financial/Mortgages, Inc.	Sterling Heights	MI
Reaume, Paul J.	Rochester	MI
Reinhold, Charles P.	Troy	MI
Residential Money Centers, Inc.	Montvale	NJ
Residential Money Centers, Inc.	Indianapolis	IN
Resource One Consumer Discount Company, Inc.	Southfield	MI
Resource One Consumer Discount Company, Inc.	Langhorne	PA
Rock Financial Corporation / dba Boulder Financial	Bingham Farms	MI
Rodgers, Teresa C.	Redford	MI
Ross Mortgage Corporation	Oak Park	MI
Royal Mortgage, Inc.	Huntington Woods	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Ruble, Theodore A	Traverse City	MI
Rudder, Sherry Anne	Farmington Hills	MI
Samboy Financial, Inc.	Plymouth	MN
Sarandrea, Jeffrey Allen	Livonia	MI
Save Financial Group	Carmel	IN
Saxon Mortgage, Inc.	Glen Allen	VA
Seacoast Equities, Inc.	La Mesa	CA
Selhost Funding Corporation / dba Selhost Financial Corporation	Bloomfield Hills	MI
Setser, Daniel L.	Southgate	MI
Shelter Mortgage Company, L.L.C.	Brown Deer	WI
Shelter Mortgage Company, L.L.C.	Novi	MI
Shepherd, Beverly H.	Redford	MI
Sholtis, Mark S.	Kalamazoo	MI
Shore Financial Services, Inc. / dba Shore Mortgage	Brighton	MI
Shore Financial Services, Inc.	Taylor	MI
Shore Financial Services, Inc.	Birmingham	MI
Signature Mortgage Services Corporation	Ann Arbor	MI
Simmons, Bobbie J.	Flint	MI
Source One Mortgage Services Corporation	West Bloomfield	MI
Southern Pacific Funding Corporation	Lake Oswego	OR
Spears, Henry R.	Lansing	MI
St. James Servicing Corporation	Bloomfield Hills	MI
Stanaway, David Lynn	Lansing	MI
Standard Mortgage Services Corporation	Crown Point	IN
Sterling Funding Corporation	Rancho Santa Margarita	CA
Sterling Mortgage & Investment Co.	Farmington Hills	MI
Sternberg, Harold Laurence	Southfield	MI
Stiekes, Naomi M.	Warren	MI
Suburban Mortgage Corp.	Rochester Hills	MI
Summit Mortgage Services, Inc.	Southfield	MI
Suntrust Financial Corp. / dba Sun Home Financial Co.	West Bloomfield	MI
Sysol, Frederick John	Woodhaven	MI
T.A.R. Preferred Mortgage Corporation / dba Pacific Prime Mortgage	Irvine	CA
Tate, Jeffrey Marcus	Farmington Hills	MI
Taylor, Tyrone A.	Southfield	MI
Teper, David	Dearborn	MI
Tepper, Michael S.	Livonia	MI
Todd, Timothy John	Grand Rapids	MI
Towne Mortgage Company	Sterling Heights	MI

SECONDARY MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Triad Mortgage Corporation	Ann Arbor	MI
UC Lending	Flint Township	MI
UC Lending	Kalamazoo	MI
UC Lending	Okemos	MI
UC Lending	Wyoming	MI
UC Lending	Troy	MI
UC Lending	Baton Rouge	LA
UC Lending	Livonia	MI
UC Lending	Sylvania	OH
UC Lending	Taylor	MI
Unicor Mortgage, Inc.	Baton Rouge	LA
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Sylvania	OH
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Livonia	MI
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Kalamazoo	MI
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Wyoming	MI
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Okemos	
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Troy	MI
United Companies Lending Corporation / dba Unicor Mortgage A Division of United Companies Lending Corporation	Taylor	MI
United Companies Lending Corporation	Flint Township	MI
United Mortgagee, Inc.	Virginia Beach	VA
Uzansky, Victor S.	Farmington Hills	MI
Van Dyk Mortgage Corporation	Grand Rapids	MI
Walker, Jr., James B.	Southfield	MI
Walsh Securities, Inc. of Delaware	Farmington Hills	MI
Ware, Monta Lucretia	Detroit	MI
Wellington Equity Group, L.L.C. / dba Wellington Mortgage Company	Madison Heights	MI
White, Mark	Southfield	MI
Willey, Allen P.	Rochester	MI
Willey, Brian F.	Farmington Hills	MI
Windsor Capital Mortgage Corporation	Cardiff	CA
WMA Mortgage Services, Inc.	Norcross	GA
World Wide Financial Corporation	Birmingham	MI
York Financial Inc.	Birmingham	MI

SECONDARY MORTGAGE REGISTRANTS

AS OF DECEMBER 31

Registrant	City	State
1st Premier Mortgage Co., Inc.	West Bloomfield	MI
A-One Mortgage Corporation / dba First Security Home Mortgage Corp.	Grand Rapids	MI
Advanta Mortgage Corp. USA	San Diego	CA
American Mortgage Reduction, Inc.	Owings Mills	MD
Angel Financial Services, Inc.	Drayton Plains	MI
Bayside First Mortgage, Inc.	Santa Ana	CA
Boss, John F.	Holland	MI
Broadmoor Financial Services, Inc.	Grand Rapids	MI
Cash Back Mortgage Corporation	Shaker Heights	OH
Centex Credit Corporation / dba Centex Home Equity Corporation	Dallas	TX
Chase Financial Corporation	Cleveland	OH
CIT Group/Consumer Finance, Inc. (The)	Livingston	NJ
Concept One Mortgage Corp.	Southfield	MI
Conti Mortgage Corporation	Hatboro	PA
Crest Financial Inc.	Southfield	MI
CTX Mortgage Company	Dallas	TX
Delta Funding Corporation	Woodbury	NY
DH Capital, L.L.C.	Cicero	IN
Elite Mortgage Corp.	Shelby Township	MI
Emergent Mortgage Corp. / dba Homegold	Greenville	SC
Empire Mortgage, Inc.	Redford	MI
Equicredit Corporation of America	Jacksonville	FL
Equity Group Financial, Inc. (The)	Livonia	MI
Exchange Financial Corporation	Grand Rapids	MI
Express Mortgage Brokers, Inc.	Farmington Hills	MI
Family Equity, Inc.	Southfield	MI
Financial Resource Services, Inc. / dba Mortgage Resources	Pleasant Lake	MI
First Franklin Financial Corporation	San Jose	CA
Fleet Mortgage Corp.	Columbia	SC
GMAC Mortgage Corporation	Horsham	PA
Golden Mortgage Corporation	Bloomfield Hills	MI
Headlands Mortgage Company	Larkspur	CA
Home America Financial Services, Inc.	Indianapolis	IN
Homeside Lending, Inc.	Jacksonville	FL
IMC Mortgage Company	Tampa	FL
MCA Mortgage Corporation	Southfield	MI
McGuire Mortgage Company	Prairie Village	KS

SECONDARY MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
Morcap, Inc.	Atlanta	GA
Mortgage Company of Michigan, Inc. (The)	Rochester	MI
Mortgage Lenders Network, USA, Inc.	Middletown	CT
Mortgage Plus, Inc. / dba Patriot Mortgage dba Premiere Mortgage Plus / dba Preferred Mortgage Plus	Grand Rapids	MI
New Century Mortgage Corporation	Irvine	CA
NF Investments, Inc.	Atlanta	GA
Norwest Mortgage, Inc.	Des Moines	IA
Oakland Mortgage Corporation / dba First Savers Financial Corp.	Bloomfield Hills	MI
Omega Mortgage Corporation	Livonia	MI
Pinnfund, USA	San Diego	CA
Professional Loan Brokers, Inc. / dba Professional Loan Funding	St. Joseph	MI
Remington Mortgage, Inc. / dba Remington Home Lending, Inc.	Southfield	MI
Selective Mortgage Company	Grosse Pointe Woods	MI
Sente Financial Corporation	Sacramento	CA
Tranex Financial, Inc.	Southfield	MI
Transamerica Mortgage Company	Dallas	TX
Treo Funding, Inc.	Lake Oswego	OR
Washington Mortgage Services, Inc. / dba Home Mortgage USA	Federal Way	WA
WMC Mortgage Corp.	Woodland Hills	CA

FIRST MORTGAGE LICENSEES

AS OF DECEMBER 31

Licensee	City	State
1952 L.L.C. / dba First Mortgage America	Southfield	MI
1st Community Mortgage Services	Farmington Hills	MI
1st Discount Mortgage Corp.	Bloomfield	MI
1st Financial Mortgage Corporation / dba First Financial Mortgage Corporation dba First Financial Funding Corporation	Northville	MI
1st National Financial Corporation	Troy	MI
1st Premier Mortgage Co., Inc.	West Bloomfield	MI
1st Rate Mortgage, Inc.	Pickney	MI
3rd Financial Service Corporation	Akron	OH
A-One Mortgage Corporation / dba First Security Home Mortgage Corp.	Wyoming	MI
A.R.T. Financial Services, Inc. / dba Franklin Mortgage	Holland	MI
ABC Funding Corp.	Birmingham	MI
Absolute Acceptance Mortgage Company, L.L.C.	Farmington Hills	MI
Acceptance Mortgage Corporation	Southfield	MI
Access Financial Lending Corp.	Charlotte	NC
Accredited Home Lenders, Inc. / dba Axiom Financial Services	San Diego	CA
Action Financial, Inc.	Warren	MI
Action Mortgage Service, Inc.	Utica	MI
Action Mortgages Co., Inc.	Iron Mountain	MI
Advance Mortgage Corporation / dba Able Mortgage Group	Farmington Hills	MI
Advanced Financial Services, Inc.	Milford	MI
Advanced Innovative Mortgages, Inc.	Flint	MI
Advantage Mortgage Company of Michigan	Waterford	MI
Aequi-Mutual Mortgage Corp.	Troy	MI
Affordable Mortgage Company, L.L.C.	Novi	MI
AFS Financial Services, Inc.	Newport	RI
Aggressive Mortgage Corporation	Southfield	MI
Alabaster Bear Financial Services, Inc.	St. Joseph	MI
Alexander Smith Home Loan, Inc. / dba Alexander Smith Home Loan	Livonia	MI
All Star Mortgage Corp.	Lambertville	MI
All-Pro Mortgage, Inc.	Mount Pleasant	MI
Allerton Financial Corp.	Bloomfield Hills	MI
Allied Funding Corp.	Spring Arbor	MI
Almerica Mortgage Corporation	Bloomfield Hills	MI
Alpha Mortgage Services Inc.	Toledo	OH
Always Mortgage Services, Inc.	Schaumburg	IL
Ambassador Mortgage Incorporated	Indianapolis	IN
America's Lender, Ltd.	Northville	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
America's Moneyline, Inc.	Glen Allen	VA
American Acceptance Mortgage Corporation dba A A Mortgage Corp. / dba Dr. Daniels and Son	Bloomfield Hills	MI
American Finance Corporation	Chesterfield	MI
American Financial Mortgage Corp.	Traverse City	MI
American General Finance of Missouri, Inc.	St. Ann	MO
American General Finance, Inc.	Evansville	IN
American General Finance, Inc. (Ind)	Evansville	IN
American Heritage, Inc.	Prudenville	MI
American Home Finance, Inc.	Palatine	IL
American Home Mortgage Corporation	Waterford	MI
American Mortgage Corporation	Flushing	MI
American Mortgage Management Corporation / dba Ammcor	Fenton	MI
American Mortgage Reduction, Inc.	Owings Mills	MD
American Network Leasing Corporation / dba Premier Collection Services	Plano	TX
Americare Mortgage Corporation	Oak Park	MI
Americor Mortgage, Inc. / dba Americor West Mortgage	Troy	MI
Amertech Residential Mortgage L.L.C.	Saline	MI
Amresco Residential Mortgage Corporation	Irvine	CA
Angel Financial Services, Inc.	Drayton Plains	MI
Ann Arbor Mortgage Company, L.L.C.	Ann Arbor	MI
Apex Mortgage Company of Ohio	Toledo	OH
Apple Mortgage, Inc.	Rosemont	IL
Approval One Financial Services, Inc.	Jackson	MI
Approved Mortgages, Inc.	Canton	MI
Approved Residential Mortgage, Inc.	Virginia Beach	VA
Ark Financial Group, Inc.	Bloomfield Hills	MI
Arnest, Stephen E.	Portage	MI
Associate Mortgage Warehouse, Ltd.	Uniondale	NY
Atlas Capital Funding, Inc.	Beltsville	Md
Atlas Investment Inc.	Flint	MI
Austin Mortgage Company	Grand Rapids	MI
Avalon Realty and Mortgage, Inc.	Grand Rapids	MI
Ayoub, David	Southfield	MI
Aztec Mortgage and Financial Corporation	Okemos	MI
B & P Group, Inc. / dba B & P Mortgage / dba Pursuit Financial	Grand Rapids	MI
Baclawski, Alex J. / dba Downriver Mortgage Company	Trenton	MI
Baker, Michael A. / dba Sunrise Mortgage Company	Flushing	MI
Banco Mortgage Centre, Ltd. / dba Banco Mortgage Centre	Birmingham	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Bankwell Mortgage Company	Farmington Hills	MI
Barclay Mortgage Financial Services, L.L.C.	Southfield	MI
Barnett, Elaine M.	Bloomfield Hills	MI
Bayside First Mortgage, Inc.	Santa Ana	CA
Bayview Mortgage Services, Inc.	Carp Lake	MI
Bedford Financial, Inc.	Wyoming	MI
Belgravia Financial Services, L.L.C.	Irvine	CA
Bell, Walter Jim	Augusta	MI
Benson Group Financial Corporation	Livonia	MI
Berens, Scott Alan	Holland	MI
BGW Mortgage, Inc. / dba Ameriway Mortgage Company	Toledo	OH
Bieber, Perry Lew	Lansing	MI
Biehl Financial, Inc.	Rapid City	MI
Birmingham Bancorp Mortgage Corporation	West Bloomfield	MI
Blue Chip Mortgage Corporation	Southfield	MI
Blumberg, Arthur A.	Oak Park	MI
BNC Mortgage, Inc.	Santa Ana	CA
Boardwalk Investments, Inc., etal / dba Boardwalk Mortgage	White Lake	MI
dba Bryan Mortgage / dba Mortgage More / dba Graystone Mortgage		
dba Boardwalk Mortgage of Ohio / dba Boardwalk Mortgage of Colorado		
dba Boardwalk Mortgage of Illinois / dba Boardwalk Mortgage of Florida		
Boldt, Ronald Lee / dba Michigan Money Managers	Lansing	MI
Bombardier Capital Inc.	Jacksonville	FL
Bond Corporation	Grand Rapids	MI
Booth, Gary A. / dba Landmark Mortgage Group	South Bend	IN
Boozer, Davida Rena	Southfield	MI
Boss, John F.	Holland	MI
Boulder Mortgage Services Inc.	Webberville	MI
Bradford Group, Inc. (The) / dba Bradford Home Loans	East Lansing	MI
Brentwood Financial Inc.	Grand Rapids	MI
Brenwar, Inc.	Troy	MI
Bricker, Craig D.	Holland	MI
Bridge Company, L.L.C. (The)	Bloomfield Hills	MI
Brimmer, Mitzie / dba Creative Mortgage Experts	Ithaca	MI
Broadmoor Financial Services, Inc.	Grand Rapids	MI
Broersma, Joel D.	Grand Rapids	MI
Broker One, P.L.C.	Bay City	MI
Bronze Financial Services, Inc. / dba Principal Mortgage	Oak Park	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Brookside Mortgage Corporation	Kalamazoo	MI
Buckner and Associates, Inc.	Southfield	MI
Buffington, John C.	Livonia	MI
Burlingame Co.	Wyoming	MI
Burton Mortgage Services, Inc.	Mount Clemens	MI
Bussema, Daniel / dba Central States Mortgage & Financial Company	Richland	MI
Byer, Gerald L.	Farmington Hills	MI
C.A.S. Mortgage Corporation, Inc.	Detroit	MI
C.M.A. Mortgage, Inc.	Pendleton	IN
C.S.I. Mortgage, Corp.	New Baltimore	MI
Cabrera, Steven D. / dba Empire Financial Network	Livonia	MI
Cadovich, Joann Catherine	Farmington Hills	MI
Cambridge Mortgage Corporation	Sterling Heights	MI
Cannon, George W. III	Muskegon	MI
Capital City Acceptance, L.L.C.	Lansing	MI
Capital Direct Funding Group, Inc.	Laguna Hills	CA
Capital Mortgage, Inc. / dba Stone Ridge Mortgage	Traverse City	MI
Capital Seekers, Inc.	Asheville	NC
Capitol Finance Corporation	Flint	MI
Capstone Mortgage Corporation	Royal Oak	MI
Captec Financial Group, Inc.	Ann Arbor	MI
Cardinal Financial Services, L.L.C.	Ann Arbor	MI
Carolina Mortgage Brokers, Inc. / dba CMB Mortgage	Greensboro	NC
Carter, Virginia Milner	Duluth	GA
Cascade Financial Inc.	Sylvan Lake	MI
Cash Back Mortgage Corporation	Shaker Heights	OH
CBSK Financial Group, Inc. / dba American Home Loans	Santa Ana	CA
CCT Enterprises, Inc. / dba Bay Creek Mortgage	Gresham	OR
Centex Credit Corporation / dba Centex Home Equity Corporation	Dallas	TX
Central Money Mortgage Co., Inc.	Columbia	MD
Cerniglia, Samuel T.	Spring Lake	MI
Charles R. Shafer Trust (The) / dba Charles R. Shafer, Trustee	Troy	MI
Chase-Scholtz Mortgage Group, L.L.P.	Brighton	MI
Chelsea Lumber Company	Chelsea	MI
Choice Federal Mortgage, Inc.	Grand Rapids	MI
Choice Lending Group, L.L.C.	Bloomfield Hills	MI
Choice Mortgage, Inc.	West Bloomfield	MI
CIT Group/Consumer Finance, Inc. (The)	Lombard	IL

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
CIT Group/Sales Financing, Inc. (The)	Overland Park	KS
Citizens Financial Corporation / dba Citizens Mortgage & Financial Corporation	Grand Rapids	MI
Citizens Mortgage Corporation	Southfield	MI
City Federal Funding & Mortgage Corp.	College Park	MD
City Finance Corporation	Birmingham	MI
City Mortgage Services Corporation	Troy	MI
Cityscape Mortgage Corp.	Elmsford	NY
Classic Mortgage Corporation	Portage	MI
CMI Mortgage Company	Bloomington	MN
CMS Mortgage Services, Inc.	Mayfield Heights	OH
Cofinancial, Inc.	Milford	MI
Colonial Mortgage Corporation	Livonia	MI
Combs, Carlton L. / dba Enterprise Mortgage	Lansing	MI
Commonpoint Mortgage Company / dba Commonpoint Mortgage	Grand Rapids	MI
Commonwealth National Mortgage Corporation	Livonia	MI
Community Home Mortgage Company	Coloma	MI
Concept One Mortgage Corp.	Southfield	MI
Concord Financial, Inc.	West Bloomfield	MI
Concord Funding Corporation	Grand Rapids	MI
Concord Mortgage Inc.	Brighton	MI
Consolidated Mortgage and Financial Services Corporation	Cary	NC
Construction Finance Corporation	Metamora	MI
Construction Mortgage Corporation	Merritt	MI
Consumer Options Corporation / dba Preferred Financial Plus	Lansing	MI
Consumer Security Mortgage, Inc.	Oak Brook	IL
Continental Mortgage Corporation U.S.A.	Southfield	MI
Coppess, Charles Richard	Lansing	MI
Cottingham, Joseph D. / dba Northern Indiana Mortgage	South Bend	IN
Countywide Mortgage Corporation	Clinton Township	MI
Cranbrook Mortgage Corporation	Sterling Heights	MI
Creative Financing Group, Inc.	Oxford	MI
Credit Center Corporation	Bloomfield Hills	MI
Credit Depot Corporation of Michigan, Inc.	Southfield	MI
Crest Financial Inc.	Southfield	MI
Crestpointe Financial Corp.	Oklahoma City	OK
Crystal Mortgage Company, Inc.	Burton	MI
Cumberland Mortgage, Corporation	Holt	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Custom Mortgage, Inc.	Indianapolis	IN
Cwm Mortgage Holdings, Inc.	Pasadena	CA
Cypress Investments, Inc. / dba Cypress Mortgage & Investments	Harrison Township	MI
D & D Financial	Ann Arbor	MI
D & D Investments, Inc. / dba Lakeland Mortgage Corporation	Holland	MI
D.M. Bullard Mortgage Bankers Corporation	Kalamazoo	MI
Daly, Kenneth J. / dba U.S. General Mortgage / dba Hilton Financial	Traverse City	MI
Das Home Mortgage Company	Kalamazoo	MI
David Piccinini, Inc. / dba Lira Financial	Utica	MI
Day, Shawn Christopher	Canton	MI
DeBoer, Heidi Anne	Grand Rapids	MI
Decision One Mortgage Company, L.L.C.	Charlotte	NC
DeGroat, Edward J. / dba E.J. DeGroat Securities	Saginaw	MI
Deleo Mortgage Inc.	Brighton	MI
Delta Financial Corporation	Bloomfield Hills	MI
Delta Funding Corporation	Woodbury	NY
Depotey, Judith K.	Holland	MI
Deutsche Financial Capital Limited Liability Company	Greensboro	NC
DH Capital, L.L.C.	Cicero	IN
Direct Financial Services, Inc.	Indianapolis	IN
Discount Funding Associates, Inc.	Centerport	NY
Diversified Mortgage Finance, Inc.	Lansing	MI
Diversified Mortgage Service, Inc.	Livonia	MI
Dividend Mortgage of Indiana Inc. / dba Dividend Mortgage	Lafayette	IN
Douglas-Michaels Servicing Company, Limited Partnership / dba Bisaver Center	Springfield	VA
Doyle, Colleen C. / dba Lake Shore Mortgage	Redford	MI
Drake, Markley Adam	Portage	MI
Drummond, Walter C. / dba BBM Company	Birmingham	MI
dba Bloomfield Birmingham Mortgage Company		
Dykhuisen, Curt L.	Lansing	MI
Dynasty Funding Corp. / dba Dynasty Funding, Et Seq	Farmington Hills	MI
dba Dynasty Funding Corporation / dba Castle Mortgage Funding Corporation		
dba Castle Mortgage Funding		
E & S Financial Group Inc. / dba United Mortgage of America	Farmington Hills	MI
E.Z. Financial and Mortgage, Inc.	Grandville	MI
Edgecore Financial Group	Farmington Hills	MI
Elite Mortgage Corp.	Shelby Township	MI
Emergent Mortgage Corp. / dba Homegold	Greenville	SC

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Empire Funding Corp.	Austin	TX
Empire Mortgage, Inc.	Redford	MI
Engweiler, Craig Conrad	Muskegon	MI
Enterprise Financial Services, Inc.	Farmington Hills	MI
Equi-Financial, L.P., Limited Partnership	East Providence	RI
Equitable Solutions, Inc.	Plymouth	MI
Equity Funding & Associates, Inc.	West Bloomfield	MI
Equity Group Financial, Inc. (The)	Livonia	MI
Erb Lumber, Inc.	Birmingham	MI
Erie West Mortgage Co.	Toledo	OH
Etaks, Inc. / dba Etaks Financial / dba Etaks Financial, Inc. / dba Etaks	Birmingham	MI
Evergreen Mortgage Corporation	Grand Rapids	MI
Excel Financial Corporation	Lake Orion	MI
Excel Mortgage Corporation	Grand Rapids	MI
Executec Mortgage Corporation	Farmington Hills	MI
Express Mortgage Brokers, Inc.	Farmington Hills	MI
Fairbank Mortgage Bankers Corp. / dba Fairbank Mortgage	Waterbury	CT
Family Equity, Inc.	Southfield	MI
Faraj, Asaad	Southfield	MI
Farchione, Rose Anna	Farmington Hills	MI
Federal Mortgage Corporation, Inc.	Farmington Hills	MI
Federation Mortgage Corporation	Walled Lake	MI
Ferrier, Joan E.	Lansing	MI
FHB Funding Corp.	Mineola	NY
Fidelity Mortgage Decisions Corporation	Lincolnshire	IL
Fidelity Mortgage Funding, Inc.	Ambler	PA
Fidelity National Mortgage Corporation	Clinton Township	MI
Finance America Corporation of Maryland	College Park	MD
Finance America Mortgage Funding, Inc. / dba Jamestowne Mortgage Corporation	Livonia	MI
Finance America, Inc.	Southfield	MI
Financial Mortgage Corporation	Grosse Pointe Woods	MI
Financial Network Mortgage Corporation	Plymouth	MI
Financial Network of Michigan, Inc.	Royal Oak	MI
Financial Resource Group, Inc. (The) / dba Equitrust Mortgage Corporation	Livonia	MI
Financial Resource Services, Inc. / dba Mortgage Resources	Pleasant Lake	MI
Fingerle Lumber Co.	Ann Arbor	MI
First Alliance Mortgage Company	Bingham Farms	MI
First Capital Corp.	Sterling Heights	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
First Choice Mortgage Company	Grand Blanc	MI
First Class Financial Corporation / dba First Class Financial	Detroit	MI
First Colonial Mortgage Corporation	Southfield	MI
First Equity Mortgage Corp.	West Bloomfield	MI
First Equity Residential Mortgage, Inc.	Chelsea	MI
First Finance, Incorporated	Bloomfield Hills	MI
First Financial Services, Inc.	Ann Arbor	MI
First Home Mortgage, Inc.	Grand Rapids	MI
First Horizon Mortgage, Inc.	Sterling Heights	MI
First International, Inc.	Birmingham	MI
dba First International Mortgage Corporation / dba FIMC		
First Mountain Mortgage Corp.	Southfield	MI
First Preferred Mortgage Co. / dba First Preferred Mortgage Company	Port Huron	MI
First Reliance Mortgage Corp.	Southfield	MI
Firstplus Financial, Inc.	Dallas	TX
Fowlerville Lumber Company	Fowlerville	MI
Freedom Mortgage & Financial Services, Inc.	Highland	IN
Fries, Bruce A.	Holland	MI
Frontier Mortgage Services, Inc.	Farmington Hills	MI
FSC Mortgage Corporation	Pittsburgh	PA
Full Spectrum Lending, Inc.	Pasadena	CA
Fundamental Funding & Development Inc.	Clawson	MI
Future Financial Services, Inc.	Birmingham	MI
G. M. Mortgage Corporation	Sterling Heights	MI
G.L. Byron and Company	Brighton	MI
Gaide, Larry D. / dba Greater Michigan Mortgage Co.	Caro	MI
Gallatin Gallery and Frame, Inc. / dba Gallatin Mortgage Co.	Ann Arbor	MI
Gardner, Jeffrey P. / dba Mortgage Consultants	Waterford	MI
Garfield Mortgage Corp.	Carol Stream	IL
Gase, Robert L. Jr. / dba Gase Mortgage Services	Fenton	MI
Gateway Mortgage Group, Inc.	Chelsea	MI
GEM Business Group, Inc. / dba North Pointe Mortgage	St. Clair Shores	MI
General Electric Capital Corporation	Stamford	CT
General Finance, L.L.C.	Berkley	MI
Genesis Mortgage Corporation	Taylor	MI
Genesis Mortgage of Michigan L.L.C.	Commerce Township	MI
Gerald M. Frendt Realty, Inc. / dba Coldwell Banker Frendt Realty, Inc.	Port Huron	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Getzin, Paul A. & Lynn M. / dba West Michigan Financial Services	Grand Rapids	MI
Gibraltar Mortgage Corporation	Lansing	MI
Gille, Ramona M.	Lansing	MI
Ginger Mae, Inc.	Baton Rouge	LA
Glacier Mortgage Co.	Ann Arbor	MI
Glenwood Financial I Incorporated	Kalamazoo	MI
dba Senior Solutions Incorporated / dba Amherst Trust & Mortgage		
GM Engineers and Contracting, Inc. / dba First Pacific Funding Corporation	West Bloomfield	MI
Gold, Arthur / dba Argo Realty Co.	Southfield	MI
Golden Eagle Investments, Inc. / dba Golden Eagle Capital / dba GEC Mortgage	Pontiac	MI
Golden Mortgage Corporation	Bloomfield Hills	MI
Golden Way Inn Corporation / dba Golden Way Security Corporation	Livonia	MI
Goldleaf Financial Corp. / dba Goldleaf Mortgage Corp.	Grand Rapids	MI
Gonyea, Paul M. and Gonyea, Elizabeth A. / dba New Century Mortgage	Birmingham	MI
Goode Financial, L.L.C.	Birmingham	MI
Gordon Mortgage Corporation	Grand Rapids	MI
Goreta, Eugene A. / dba Grandport Mortgage Company	Ecorse	MI
Graimark Realty Advisors, Inc.	Detroit	MI
Grand Oak Mortgage Co., Inc. / dba Grand Oak Mortgage Company	Grand Blanc	MI
Grassmid, Alma Jean	Holland	MI
Great American Acceptance Corporation	Traverse City	MI
Great Lakes Finance, Inc.	Livonia	MI
Greenfield Mortgage Company	Dearborn	MI
Greentree Financial Corporation	Ypsilanti	MI
Greystone Mortgage, Inc.	White Lake	MI
Grieb-McGoldrick, Lee Ann / dba Money House Mortgage	Ann Arbor	MI
Grinblat, Vitaly	Southfield	MI
H.A. Smith Lumber & Hardware Co.	Farmington Hills	MI
H.R. Griffiths Land Contracts, Inc.	Royal Oak	MI
Hall's Mortgage Inc.	Southfield	MI
Hall, Linda S. / dba Goldkey Mortgage	Livonia	MI
Hallmark Mortgage Company	Farmington Hills	MI
Harbour Mortgage Company	Waterford	MI
Harris Financial Group, Inc.	Troy	MI
Harvard Financial Group, Inc.	Sterling Heights	MI
Haukkala, Jeffrey A. / dba Whitebridge Mortgage Co.	Ironwood	MI
Hearthside Mortgage Co.	Warren	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Heartland Home Finance, Inc. / dba Heartland Home Finance	Middleburg Heights	OH
Hekman, James Henry	Holland	MI
Helvey, Daniel R.	Toledo	OH
Hemmerly, Carol Anne	Troy	MI
Henry, Matthew James	Portage	MI
Highland Residential Mortgage, Inc.	Alma	MI
Hillaker, Lawrence D. / dba Hill Financial Development / dba K Rehab Co.	Southfield	MI
Hilton Mortgage Corporation	Clarkston	MI
Home Builders Finance, Inc.	Ann Arbor	MI
Home Equity Associates, Inc.	West Bloomfield	MI
Home Financial Mortgage Corporation	Livonia	MI
Home Improvement Acceptance Corporation	Toledo	OH
Home Loan Mortgage L.L.C. / dba Home Loan Mortgage	West Bloomfield	MI
Home Mortgage Solutions, Inc.	Troy	MI
Home Recovery Services, Inc.	Troy	MI
Home Security Mortgage Corp.	Fredericksburg	VA
Home Shark, Inc.	San Francisco	CA
Homefirst National, Inc.	Earth City	MO
Homeowners Mortgage Corp.	Southfield	MI
Horizon Mortgage Corporation	Hinsdale	IL
Howard, Tony M. / dba Advanced Mortgage Concepts	Lansing	MI
Howe Financial, Inc. / dba Continental International Mortgage Corporation	Waterford	MI
Huron Valley Financial, Inc.	Ann Arbor	MI
ICA Mortgage Company	Southfield	MI
ICUL Service Corporation	Naperville	IL
dba Service Corp. Mortgage, a Division of ICUL Services		
Ideal Mortgage Corporation	Southfield	MI
IMCO Corporation	Southfield	MI
Imhoff, Kevin J.	Lansing	MI
Imperial Mortgage Corp.	Sterling Heights	MI
Independent National Mortgage Corporation	Pasadena	CA
dba Independent National Finance Corporation		
Infiniti Financial Corp.	Dearborn Heights	MI
Ingber, Richard Evan	Portage	MI
Innovative Consultants, Inc. / dba Innovative Mortgage Company	Novi	MI
International Mortgage, Inc.	Birmingham	MI
Investors Mortgage Company Limited Partnership	Kirkland	WA

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Investors Mortgage Corporation	Farmington Hills	MI
Ireland, Erik William	Farmington Hills	MI
Iverson's Lumber Company, Inc.	Milford	MI
JAM Consultants, Inc.	Alexandria	IN
Jasti, Satish B. / dba Indus Mortgage Company	West Bloomfield Township	MI
Jebb, Terry Lee / dba Master Mortgage	Bay City	MI
Jireh Financial Mortgage Services, Inc.	Farmington Hills	MI
JMC Mortgage Corp.	Farmington Hills	MI
John Adams Mortgage Company	Farmington Hills	MI
Jondco, Inc.	Farmington Hills	MI
Jones, Ann	Detroit	MI
JPW, L.L.C. / dba Hearthstone Financial	Novi	MI
JVS Financial Services, Inc.	Palos Hills	IL
Kadans, Barry L. / dba Mortgage Depot (The) / dba Money Depot (The)	Waterford	MI
Kalamazoo Mortgage Company / dba Hillside Financial Group	Kalamazoo	MI
Katz, Philip S. / dba Flagship Mortgage Co.	West Bloomfield	MI
Kaye Financial Corporation	Bloomfield Hills	MI
Kellum, Anthony O. / dba Kellum Mortgage Financial Services	Southfield	MI
Kemp, Dewey Eric Jr.	Lansing	MI
Kilcullen, Frank J. / dba Great Oaks Mortgage Company	Royal Oak	MI
Kim, Hong Suk / dba International Financial Services	Birmingham	MI
King Financial, Inc.	Rochester Hills	MI
King, Marc A. / dba Complete Mortgage	West Bloomfield	MI
Klaus, Kriss K.	Lapeer	MI
Kline, David N. / dba Foundation Mortgage Group	Flint	MI
Knight, Mary E. / dba All Mortgage Services	Lansing	MI
Koene, Ruben / dba Century Mortgage	Waterford	MI
Koetje, Valerie Dawn	Holland	MI
Kohli, Surjit K.	Sterling Heights	MI
Konrad, Mark C. / dba Fairway Mortgage Company	Durand	MI
Korson, Michael Willard	Sterling Heights	MI
Krzske Bros. Co.	New Boston	MI
Landsall Properties, Inc. (The) / dba Ameriplus Mortgage Corporation	Troy	MI
Lathrup Mortgage Corp.	Lathrup Village	MI
Lee, Michael J.	Birch Run	MI
Legacy Residential Funding, Inc.	Manchester	MI
Lenders M.D., Inc.	Amherst	OH
Lewis Hunt Enterprises, Inc. / dba Interactive Financial Corporation	Southfield	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Lincoln Mortgage Corporation	Farmington Hills	MI
Linden Lumber Company	Linden	MI
Lownds, Dan G.	North Muskegon	MI
M.L.M., Ltd.	Farmington Hills	MI
Mac-Clair Mortgage Corporation	Lapeer	MI
Mainstreet Mortgage, Inc. / dba FIFC	Birmingham	MI
Major Funding Corporation	Warren	MI
Major Mortgage Corporation	Livonia	MI
Mammoth Financial Services, Inc.	Southfield	MI
Manhattan York Mortgage Trust, Corp.	Boca Raton	FL
Manufacturers Financial Corporation	St. Clair Shores	MI
Marathon Capital, Limited Partnership	Ithaca	NY
Marflax Corporation	Ann Arbor	MI
Mariner Mortgage Corporation	Livonia	MI
Marshall Redder Home Mortgage Corporation	Grandville	MI
Martindale, Michael Jay	Lansing	MI
Master Mortgage & Financial Corporation dba Master Mortgage & Financial Lending, Inc.	Bay City	MI
Master Mortgage Corp.	Warren	MI
May, Christopher / dba May Financial Services	Hamtramck	MI
McCandless, Sandra / dba Champion Mortgage Services	Waterford	MI
McCarrick, Jerry Lee Jr.	Lansing	MI
McCarroll, Heidi L.	Livonia	MI
McDonald, Paulette	Southfield	MI
McGuire Mortgage Company	Prairie Village	KS
McLean Mortgage, L.L.C.	Livonia	MI
Meldrum, William J. / dba Lighthouse Financial Services	Clinton Township	MI
Mendelsohn, David / dba Lafayette Financial	Birmingham	MI
Merchant-Meyer Real Estate Consultants, Inc.	Goshen	IN
Mercury Financial, Inc.	Southfield	MI
Merit Financial Corporation	Monroe	MI
Metropolitan Capital Group, Inc.	Livonia	MI
Metropolitan Mortgage Corporation	Birmingham	MI
Metrowide Mortgage Corporation	Dearborn	MI
Meyer, Werner	Wyoming	MI
Mica Mortgage Corp. / dba Mica Mortgage Corporation	Troy	MI
Michigan Fidelity Acceptance Corporation / dba Franklin Mortgage Funding	Southfield	MI
Michigan General Mortgage Corporation	Grand Rapids	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Michigan Mortgage Consultants, Inc.	New Baltimore	MI
Michigan Mortgage Exchange, Inc.	Warren	MI
Michigan Mortgage Lenders Corp.	Bloomfield Hills	MI
Michigan Residential Mortgage Services, Inc.	Okemos	MI
Midwest America Financial Corporation	Chicago	IL
Midwest Mortgage Company of Michigan	Farmington Hills	MI
Midwest Mortgage Group, Inc.	Birmingham	MI
Midwest Mortgage Specialists, Inc.	Toledo	OH
Milan Lumber Company	Milan	MI
Millennium Mortgage Corp.	Royal Oak	MI
Miller, Don P. / dba Miller Mortgage Services	Bloomfield Hills	MI
Miller, Colleen M. / dba Mortgage Resource Group	Traverse City	MI
Miracle Financial Corporation	Southfield	MI
Mix, Kevin Thomas	Lansing	MI
Moceri, Jerome	Grand Blanc	MI
Mohler, Nancy	Holland	MI
Money Line Mortgage, Inc.	Denver	CO
Money Minders, Inc.	Toledo	OH
Money Source Financial Services, Inc.	Saline	MI
Moody, Gary F.	Farmington Hills	MI
MorEquity of Delaware, Inc.	Farmington Hills	MI
MorEquity, Inc.	Evansville	IN
Morey, Carolyn	Grand Rapids	MI
Mortgage 1 Incorporated / dba Best Choice Lending, Inc.	Sterling Heights	MI
Mortgage Acceptance Corporation	Troy	MI
Mortgage America (IMC), Inc. / dba Alternative Lending Mortgage Corporation	Bay City	MI
dba Alternative Mortgage Corporation / dba U.S. Mortgage Source, Inc.		
dba Eagle Mortgage Corporation / dba Cash Fast Mortgage Company		
dba Equity Plus / dba Alternative Mortgage Source, Inc.		
Mortgage Associates Corporation	Livonia	MI
Mortgage By Design, Inc.	Brooklyn Park	MN
Mortgage Company of Michigan, Inc. (The)	Rochester	MI
Mortgage Concepts, Inc.	Livonia	MI
Mortgage Group, Inc. (The)	Bingham Farms	MI
Mortgage House, Incorporated (The)	Holland	MI
dba Equitable Financial Services Corporation		
Mortgage Institute of Michigan, Inc.	Southfield	MI
Mortgage Lenders Network USA, Inc.	Middletown	CT

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Mortgage On Line, L.L.C.	Holland	MI
Mortgage One Financial Corporation / dba Consumer One Financial	Birmingham	MI
Mortgage Origination Services, Inc.	Crown Point	IN
Mortgage Planners Inc.	Dearborn Heights	MI
Mortgage Plus of Kalamazoo, Inc.	Portage	MI
Mortgage Plus, Inc. / dba Patriot Mortgage Plus / dba Premiere Plus dba Preferred Mortgage Plus	Grand Rapids	MI
Mortgage Solutions of Michigan, Inc.	Saline	MI
Mortgage Specialists, Incorporated	Clawson	MI
Mortgage Store Unlimited, Inc. (The)	Saginaw	MI
Mortgage Store, Inc. (The)	Bloomfield Hills	MI
Mortgage World Inc.	Bloomfield Hills	MI
Mutual Financial Services, Inc.	Farmington	MI
N.A. Mans & Sons, Inc.	Trenton	MI
N.E.C. of Michigan Inc.	Clifton Park	NY
Nagy, Michael F. / dba Nagy Mortgage	Traverse City	MI
National Lending Center, Inc.	Deerfield Beach	FL
National Mortgage Corporation	Bloomfield Hills	MI
Nations First Financial, L.L.C.	Grosse Pointe Farms	MI
Nationwide Investment Services Corporation dba Nationwide 1st Mortgage Services dba A-AA Nationwide 1st Mortgage Services / dba MEMCO dba Michigan Educators Mortgage Company	Southfield	MI
Nationwide Mortgage Corporation	Bloomfield Hills	MI
Nawrot, Thomas C. / dba Loan Associates	Inkster	MI
NCS Consumer Services, L.L.C.	Atlanta	GA
Nelson, Lewis Henry Jr.	Farmington Hills	MI
Neracher, Douglas Jerome	Portage	MI
Network Mortgage Corporation	Birmingham	MI
New Century Mortgage Corporation	Irvine	CA
North American Capital Advisors, Inc. dba North American Capital Advisors, Inc.-The Mortgage Lender	Bloomfield Hills	MI
North Commerce Financial, Inc.	Northville	MI
Northern Mortgage Services, Inc.	Grandville	MI
Northwestern Financial Corp.	Wixom	MI
Northwood Financial Services, Inc.	Waterford	MI
Nova Mortgage Corp.	Bloomfield Hills	MI
O.L. Bolyard Lumber Company	Rochester Hills	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Oakland Mortgage Corporation / dba First Savers Financial Corporation	Bloomfield Hills	MI
Oakridge Mortgage Company	Grand Rapids	MI
OCC Financial Services, Inc.	Flint	MI
Ocwen Financial Services, Inc.	Pasadena	CA
Ohio Mortgage Company	Brooklyn	OH
Old Republic Insured Financial Acceptance Corporation	Bloomfield	NJ
Olmsted & Associates, Inc. / dba Home Loan Specialists, Inc.	Farmington Hills	MI
Omega Mortgage Corporation	Livonia	MI
Omni Mortgage Services, Inc.	Dearborn	MI
Organek, Michael E. / dba Cascade Capital Funding	Lowell	MI
Ottney, John R.	Fenton	MI
Owen, Billie J.	Lansing	MI
PFI. Mortgage	Indianapolis	IN
Pacesetter Mortgage Company, Inc.	Okemos	MI
Pacific Guarantee Mortgage Corporation	Greenbrae	CA
Pacific Thrift and Loan Company	Walnut Creek	CA
Pacor Mortgage Corp. / dba Lake Pacor Home Mortgage	Chicago	IL
Papageorgiou, Demetrios / dba Fidelity Mortgage Co.	West Bloomfield	MI
Paragon Mortgage Funding, Inc.	Brighton	MI
Park Place Mortgage Corp.	Plymouth	MI
Parkway Mortgage, Inc.	Kenilworth	NJ
Pastor, Michael D.	Portage	MI
Patrello, Charles	Waterford	MI
Peck, Willard C. / dba Alvest Financial Services	Berrien Springs	MI
Pelleschi, Michael P.	Farmington Hills	MI
Perri, Philip J.	Lansing	MI
Peters Building Co.	Saline	MI
Peterson, David / dba The Mortgage Loan Officer	Waterford	MI
Pierson-Gibbs Homes, Inc.	Richmond	MI
Pillar Financial Corporation / dba A+ Mortgage / dba Pillar Mortgage	Waterford	MI
Pines Investment Co.	West Bloomfield	MI
Pines Mortgage Corporation	West Bloomfield	MI
Pinnacle Funding	Schaumburg	IL
Pinnacle Services L.L.C.	Fenton	MI
Pinnfund USA	San Diego	CA
Pioneer Acceptance Corporation	Grand Rapids	MI
Pioneer Mortgage, Inc.	Novi	MI
Pletcher, Dewayne Bently Jr.	Portage	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Plus 4 Mortgage, L.C. / dba East West Mortgage L.C.	Clinton Township	MI
Polsinelli, Gary A.	Farmington Hills	MI
Pompey, Robert Edmond	Lansing	MI
Porter, Wayne C.	Grand Rapids	MI
Preferred Credit Inc. of Michigan	Columbus	OH
Preferred Mortgage Services, Inc.	Jenison	MI
Premier Mortgage Co.	Adrian	MI
Premier Mortgage Company of Michigan (The)	Evansville	IN
Premiere Mortgage Corporation	Mishawaka	IN
Premiere Mortgage Corporation	Brighton	MI
Presti, Joseph James / dba Presstar Financial	West Bloomfield	MI
Prestige Financial Services Corporation	Deerfield Beach	FL
Presto Mortgage, Inc.	Southfield	MI
Primary Mortgage Corp.	Farmington Hills	MI
Prime Capital Mortgage Corp.	Birmingham	MI
Prime Equity Access Corporation	Grand Rapids	MI
Prime Financial Group, Inc. (The)	Southfield	MI
Primerica Financial Services Home Mortgages, Inc.	Duluth	GA
Priority Mortgage Corporation	Grandville	MI
Prism Mortgage Company	Chicago	IL
Proctor, William N.	Bloomfield Hills	MI
Professional Financial Mortgage Inc.	Southfield	MI
Professional Lending Group, Inc. / dba PLG Funding Corp.	Southfield	MI
Professional Loan Brokers, Inc. / dba Professional Loan Funding	St. Joseph	MI
Professional Mortgage Associates, Ltd.	Clarkston	MI
Professional Mortgage Services, Inc.	South Lyon	MI
Progressive Financial, Inc.	Southfield	MI
Progressive Mortgages, Inc.	East Lansing	MI
Prudential Mortgage, Inc.	Farmington Hills	MI
Puritan Financial Exchange, Inc.	Detroit	MI
Pyramid Mortgage, Inc.	Dearborn	MI
Quality Mortgage Corporation	Utica	MI
R-B Financial/Mortgages, Inc.	Sterling Heights	MI
Racette, Robert L. / dba Racette and Associates	Bloomfield Hills	MI
Realti Funding Corp.	Troy	MI
Realty Mortgage Services, Inc. / dba Home Owner Financial Services	West Bloomfield	MI
Reed, Debra L.	Jones	MI
Rehmann Robson Financial Processing Group, Inc.	Saginaw	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Reid, Jack R.	Comstock Park	MI
Reinhold, Charles P.	Troy	MI
Remington Mortgage, Inc. / dba Remington Home Lending, Inc.	Southfield	MI
Renaissance Mortgage, Inc. / dba Renaissance Mortgage	Southfield	MI
Republic Mortgage Corporation	Troy	MI
Rescue Mortgage	St. Paul	MN
Residential Money Centers, Inc.	Montvale	NJ
Resource One Consumer Discount Company, Inc.	Langhorne	PA
Reynolds, Robert W. & Auckland, Patrick J. / dba Professional Mortgage	Fenton	MI
Richard Franklin A Mortgage and Realty Co.	Allen Park	MI
RJC Mortgage Corporation	Waterford	MI
Robar General Funding Corp.	Homer	NY
Roberts, George Gordon	Troy	MI
Rodino, Dante S. / dba White House Mortgage	St. Clair Shores	MI
Roush, George W.	Livonia	MI
Royal American Mortgage Inc.	Commerce	MI
Royal Mortgage, Inc.	Huntington Woods	MI
Ruster, Larry J.	Holland	MI
Sail-Cor Company	Grand Rapids	MI
Samboy Financial, Inc.	Plymouth	MN
Sans, Peter Gerard / dba Choice Mortgage Company	Orion Township	MI
Sarandrea, Jeffrey Allen	Livonia	MI
Saxon Mortgage, Inc.	Glen Allen	VA
Scarcelli, Richard Edward / dba Mortgage Masters	Livonia	MI
Schmitz, Wayne P. / dba Schmitz Mortgage Company	Grand Blanc	MI
Schrotenboer, Douglas G.	Holland	MI
Schultz, Martin Frank, Jr.	Lansing	MI
Scottsdale Corp.	West Bloomfield	MI
Security Mortgage Corporation / dba Barron & Associates	Southfield	MI
Security National Mortgage Corp.	Blue Bell	PA
Select Investors Mortgage Corporation	Plymouth	MI
Selective Mortgage Company	Grosse Pointe Woods	MI
Selhost Funding Corporation / dba Selhost Financial Corporation	Bloomfield Hills	MI
Sente Financial Corporation	Sacramento	CA
Sholtis, Mark Stevens / dba Sholtis & Associates	Kalamazoo	MI
Shore Financial Services, Inc. / dba Shore Mortgage	Birmingham	MI
Sigma Financial Corporation	Ann Arbor	MI
Signature Mortgage Services Corporation	Ann Arbor	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Simplified Mortgage Group, Inc.	Auburn Hills	MI
Simpson Mortgage Co.	Oak Park	MI
Smith, Todd A. / dba In House Mortgage	Farmington Hills	MI
Snyder, Jaclynn R.	Beaverton	MI
Specialty Mortgage Co.	Troy	MI
Spectrum Mortgage Group, Inc.	Canton	MI
Square Lake Mortgage Company	Bloomfield Hills	MI
St. Clair Financial, Inc. / dba Central Mortgage Funding Corp.	Warren	MI
St. Clair Mortgage Corp.	Royal Oak	MI
Standard Home Mortgage, Inc.	Grosse Pointe	MI
Standard Mortgage Services Corporation	Crown Point	IN
Statewide Financial Services, Inc. / dba Statewide Mortgage Services	Farmington Hills	MI
Statewide Mortgage Corporation of Michigan	East Lansing	MI
Statewide Mortgage Corporation	Ludington	MI
STD Financial Corp. / dba Standard Loans	Petaluma	CA
Sterling Mortgage & Investment Co.	Farmington Hills	MI
Stevenson Lumber, Inc.	Adrian	MI
Stiekes, Naomi Marie	Warren	MI
Stoel, Craig A.	Holland	MI
Stonegate Mortgage & Financial Services, Inc.	Cincinnati	OH
Stratford Funding, Incorporated	Southfield	MI
Suburban Mortgage Corp.	Rochester Hills	MI
Successful Real Estate Sales, Inc. / dba First Metropolitan Mortgage	West Bloomfield	MI
Sulla, Vladimir	Southfield	MI
Summit Mortgage Services, Inc.	Southfield	MI
Summit Support Systems, Inc. / dba Summit Funding Corp.	Rockford	MI
Suntrust Financial Corp. / dba Sun Home Financial Co.	Sunrise	FL
Superior Financial Services, Inc. / dba Huron Mortgage Services	Farmington Hills	MI
Superior Mortgage, Inc.	Dayton	OH
Surber Financial Services, Inc. / dba Save Financial Group	Carmel	IN
Sure Financial Corp.	Traverse City	MI
Sysol, Frederick John	Southgate	MI
Szekely, Andrew E. / dba Funding One	Southfield	MI
Tamer Mortgage Company, Inc.	West Bloomfield	MI
Tandem National Mortgage, Inc.	Midvale	UT
Taylor, Arthur M. / dba Katz Diversified Consultant Services	Southfield	MI
Taylor, Keene / dba Target Mortgage	St. Joseph	MI
Taylor, Tyrone Alfonso	Southfield	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Tejas Capital Mortgage, Inc.	Spring	TX
Tepper, Michael S.	Livonia	MI
Terrace Mortgage Company	Atlanta	GA
Terral, Dominique	Dimondale	MI
Thomas, Gary C.	Bloomfield Hills	MI
Thomas, Melvin Jacob, Jr.	Lansing	MI
Thor, Joyce A. and Jack W. / dba First of Michigan Mortgage Company	Linden	MI
Thornapple Mortgage Corporation	Grand Rapids	MI
Title West Mortgage, Inc.	Tarzana	CA
Tranex Financial, Inc.	Southfield	MI
Transamerica Homefirst, Inc.	San Francisco	CA
Transamerica Mortgage Company	Dallas	TX
Tri-County Mortgage, Inc.	Farmington Hills	MI
Tri-Financial Services, Inc.	East Lansing	MI
Triad Mortgage Corporation	Ann Arbor	MI
Trio Limited / dba Equity Line Mortgage	Columbus	OH
Turner, Kenneth / dba Equity Mortgage	Lansing	MI
Twins Mortgage Corp.	Ludington	MI
Tyler, Jerry L. / dba Tyler Mortgage Company	Battle Creek	MI
Uganski, Ronald James	Portage	MI
Unicor Mortgage, Inc.	Baton Rouge	LA
United Capital Financial, L.L.C.	Bingham Farms	MI
United Capital Lending, L.L.C.	Bingham Farms	MI
United Companies Funding, Inc.	Bloomington	MN
United Financial Technologies, Inc.	Wexford	PA
Universal Development & Real Estate, Inc. / dba UPI Mortgage, Inc.	Grand Rapids	MI
University Mortgage, Inc.	Ann Arbor	MI
UNM, L.L.C.	Brewster	NY
Uvalde, Inc. / dba Rodarte Builders, Inc.	Saginaw	MI
Vander Laan, Todd M.	Holland	MI
Vantage Mortgage Corporation	Farmington	MI
Venus Financial Group, Inc. / dba Venus Mortgage, Inc.	Grand Rapids	MI
Village Associates Mortgage, Inc. / dba Village Mortgage Company	Lathrup Village	MI
Walsh Securities, Inc. of Delaware	Parsippany	NJ
Walters, Dennis C.	Clarkston	MI
Washington Mortgage Company	Southfield	MI
Watson Group Financial Corporation	Waterford	MI
Wellington Equity Group, L.L.C. / dba Wellington Mortgage Company	Madison Heights	MI

FIRST MORTGAGE LICENSEES (CONTINUED)

Licensee	City	State
Westshore Mortgage, L.L.C. / dba First Choice Financial	St. Joseph	MI
White, Mark Everett	Southfield	MI
Whittenberg, Sigrid M., D.C. / dba Whittenberg Mortgage Funding	Eastpointe	MI
Wilber, Robert B.	Southgate	MI
Willey, Allen	Rochester	MI
Willey, Brian F.	Rochester	MI
Wing, Jamie Lawrence	Lansing	MI
Wise, Mark E. / dba Park Avenue Mortgage / dba All Metro Mortgage	Madison Heights	MI
WMA Mortgage Services, Inc.	Norcross	GA
Wolohan Lumber Co.	Saginaw	MI
Woodhams Mortgage Corp.	Kalamazoo	MI
World Wide Financial Services, Inc. / dba World Wide Home Lending	Birmingham	MI
Wozniak, James Alan / dba Keystone Mortgage	Warren	MI
Wright Mutual Insurance Company	Detroit	MI
Wynn, Fred / dba Deluxe Mortgage	Livonia	MI
Yes Mortgage Company / dba Friendly Financial Company	Farmington Hills	MI
dba Lake Pointe Mortgage Company / dba Northern Financial Company		
dba Yes Capital Corporation / dba Yes Financial Company		
dba Yes Funding Company		
York Financial, Inc.	Birmingham	MI
Zimble, Lawrence E.	Fenton	MI

FIRST MORTGAGE REGISTRANTS

AS OF DECEMBER 31

Registrant	City	State
1st American Home Mortgage L.L.C.	Lansing	IL
Accubanc Mortgage Corporation	Dallas	TX
Adle, Donald L.	Farmington Hills	MI
Advanta Mortgage Corp. USA	Fort Washington	PA
Aegis Mortgage Corporation	Houston	TX
Alliance Mortgage Company	Jacksonville	FL
Allied Group Mortgage Company	West Des Moines	IA
Allied Mortgage Capital Corporation	Houston	TX
Altegra Credit Company	Pittsburgh	PA
American Home Funding, Inc.	Glen Allen	VA
Amerifirst Financial Corporation / dba American Home Equity	Kalamazoo	MI
Amerihome Mortgage Corporation	Flint	MI
Ameriquist Mortgage Company	Orange	CA
Ameriquist Mortgage Corporation	Orange	CA
Associated Mortgage, Inc.	De Pere	WI
Associates National Mortgage Corporation	Irving	TX
Assurance Mortgage Corporation of America	Burlington	MA
Atlantic Mortgage & Investment Corporation	Jacksonville	FL
Aurora Loan Services Inc.	Aurora	CO
Banc One Financial Services, Inc.	Indianapolis	IN
Banc One Mortgage Corporation	Indianapolis	IN
Bankers Realty, Inc. / dba Era Bankers Realty, Inc.	Farmington Hills	MI
Barnett Mortgage Company / dba Loan America Financial Corporation	Jacksonville	FL
Benchmark Mortgage Corporation	Flint	MI
Bill Czmer Realty, Inc. / dba Century 21 Czmer Realty, Inc.	Adrian	MI
Bowling, Rodney Derek	Southfield	MI
Bradley, Eric D.	Ann Arbor	MI
Brooksamerica Mortgage Corporation	Santa Ana	CA
Brunetti, Gregory Arthur	Birmingham	MI
Brunetti, Angela Marie	Birmingham	MI
C & L Specialties, Inc.	Jackson	MI
C.R.C. Financial Corporation	Livonia	MI
California Lending Group, Inc. / dba United Lending Group	Mission Viejo	CA
California Mortgage Service	Santa Ana	CA
Capital Mortgage Funding, L.L.C.	Southfield	MI
Capstead Inc.	Dallas	TX

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
CBS Mortgage Corp.	Houston	TX
Century 21 Hartford North, Inc.	Livonia	MI
Certified Financial Corporation, Inc.	Southfield	MI
Chadwick Mortgage, Inc.	Houston	TX
Charles F. Curry Company	Kansas City	MO
Charrette, Lawrence R.	Sterling Heights	MI
Chase Financial Corporation	Grand Rapids	MI
Chase Manhattan Mortgage Corporation	Edison	NJ
Cherry Creek Mortgage Co., Inc.	Denver	CO
City Loan Financial Services, Inc.	Wauseon	OH
Colonial Mortgage Company of Alabama	Montgomery	AL
Colony Mortgage Corp.	Cleveland	OH
Columbia National, Incorporated	Columbia	MD
Commercial Credit Corporation	Grand Rapids	MI
Community Mortgage Services, Inc.	Southfield	MI
Companion Servicing Company, L.L.C.	Atlanta	GA
Compu-Link Corporation / dba Compu-Link Loan Service, Inc.	Lansing	MI
Comunity Lending, Incorporated	San Jose	CA
Consolidated Capital Corporation	Romulus	MI
Contimortgage Corporation	Horsham	PA
Countrywide Home Loans, Inc. / dba Countrywide Funding Corporation	Pasadena	CA
Crestar Mortgage Corporation	Richmond	VA
Crossland Mortgage Corp.	Salt Lake City	UT
CRS Financial Services, Inc.	Wayne	PA
CTX Mortgage Company	Dallas	TX
CUNA Mortgage Corporation	Middleton	WI
Data Tech Services, Inc. / dba Mortgage Professionals	Ferndale	MI
Dean Witter Reynolds, Inc.	New York	NY
Deposit Guaranty Mortgage Services, Inc.	Jackson	MS
Detroit Mortgage and Realty Company	Southfield	MI
Developers Mortgage Corporation / dba Developers Service Corporation	Troy	MI
Ditech Funding Corporation	Irvine	CA
DMR Financial Services, Inc.	Southfield	MI
Dollar Mortgage Corporation	La Mesa	CA
Dovenmuehle Funding, Inc.	Schaumburg	IL
Dovenmuehle Mortgage Company, L.P.	Schaumburg	IL
Dovenmuehle Mortgage, Inc.	Schaumburg	IL

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
Eastern Mortgage Services, Inc.	Trevose	PA
EMC Mortgage Corporation	Irving	TX
Empire of America Realty Credit Corp.	Lake Worth	FL
Equicredit Corporation of America	Jacksonville	FL
Equicredit Corporation of MI	Jacksonville	FL
Equity One, Inc.	Mount Laurel	NJ
Exchange Financial Corporation	Grand Rapids	MI
Exchange Mortgage Corporation / dba Union Mortgage Services dba Exchange Member Services	Southfield	MI
Ferrette, Richard E. / dba First Michigan Financial	Troy	MI
Fieldstone Mortgage Company	Baltimore City	MD
Finamex Financial, Inc.	Culver City	CA
First Commercial Mortgage Company	Little Rock	AR
First Denver Mortgage Company	Denver	CO
First Franklin Financial Corporation	San Jose	CA
First Merchants Residential Credit Corporation	Fort Worth	TX
First Mortgage Investment Co.	Shawnee	KS
First National Acceptance Company	East Lansing	MI
First Nationwide Mortgage Corporation	Frederick	MD
First Priority Mortgage, Inc.	Detroit	MI
First Town Mortgage Corporation	Secaucus	NJ
First Union Mortgage Corporation	Charlotte	NC
First United Mortgage Company, Inc.	Kenilworth	NJ
Firstrust Mortgage Company	Cherry Hill	NJ
Fleet Mortgage Corp.	Columbia	SC
Fleet Mortgage Group, Inc.	Columbia	SC
Freedom Mortgage Corporation	Salt Lake City	UT
Freedom Mortgage Corporation / dba Freedom Home Mortgage Corporation	Mount Laurel	NJ
FT Mortgage Companies / dba Sunbelt National Mortgage dba MNC Mortgage / dba Carl I. Brown Mortgage / dba Atlantic Coast Mortgage	Kansas City	MO
G.L. & Associates, Inc. / dba Prudential Great Lakes Realty (The)	Bloomfield Hills	MI
GE Capital Mortgage Services, Inc.	Cherry Hill	NJ
Gehrke Mortgage Corporation	Eastpointe	MI
General Mortgage Corporation	Pleasant Ridge	MI
Glenfed Mortgage Corporation	Glendale	CA
GMAC Mortgage Corporation	Horsham	PA
GN Mortgage Corporation	Woodland Hills	CA

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
Grant Hamady, Inc.	Burton	MI
Greenpoint Mortgage Corp.	Charlotte	NC
Greentree Mortgage Company, Limited Partnership	Marlton	NJ
Group One Mortgage Corporation	Livonia	MI
Guardian Mortgage Company, Inc.	Grand Blanc	MI
Guild Mortgage Company	San Diego	CA
Hamilton Financial Corporation	Houston	TX
Harbor Financial Mortgage Corporation	Houston	TX
Harborside Financial Network, Inc.	San Marcos	CA
Harbourton Mortgage Co., Limited Partnership	Aurora	CO
Headlands Mortgage Company	Larkspur	CA
Heartwell Mortgage Corporation	Grand Rapids	MI
Home America Financial Services, Inc.	Indianapolis	IN
Home Mortgagee Corporation	Levittown	NY
Homecomings Financial Network, Inc.	Minneapolis	MN
Homeside Lending, Inc.	Jacksonville	FL
Homestead Mortgage Company (The)	Southfield	MI
Household Finance Corporation III	Prospect Heights	IL
Howard Hanna Financial Services, Inc.	Pittsburgh	PA
IMC Mortgage Company	Tampa	FL
Inland Mortgage Corporation	Indianapolis	IN
Irwin Home Equity Corporation	San Ramon	CA
Ivy Mortgage Corp.	Belle Mead	NJ
Jakiel, Gerard J.	Southfield	MI
James B. Nutter & Company	Kansas City	MO
John M. Lafata, Ltd.	Warren	MI
Johnson, Eric Michael	Troy	MI
Kaye, Lawrence	Troy	MI
Knutson Mortgage Corporation	Bloomington	MN
Koehler, Randy Paul	Stevensville	MI
Leader Mortgage Company (The)	Cleveland	OH
M & I Mortgage Corp.	Cedarburg	WI
M & T Mortgage Corporation	Buffalo	NY
Marathon Financial Corporation	Southfield	MI
Marine Midland Mortgage Corporation	Depew	NY
Marion D. Huston Realestate	Lewiston	MI
Matrix Financial Services Corporation	Phoenix	AZ

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
MCA Mortgage Corporation / dba First American Mortgage Corporation dba First American Mortgage Associates, Inc.	Southfield	MI
McCaughan Mortgage Company, Inc.	Coral Gables	FL
Mego Mortgage Corporation	Atlanta	GA
Mellon Mortgage Company	Houston	TX
Mercury Mortgage Co., Inc.	Tulsa	OK
Meritech Mortgage Services, Inc.	Fort Wayne	TX
Metro Mortgage Corporation /dba Integrity Home Loans, Inc. dba Key Mortgage, Inc.	Northville	MI
Metwest Mortgage Services, Inc.	Spokane	WA
Mical Mortgage, Inc.	San Diego	CA
Midwest Loan Services, Inc.	Houghton	MI
Midwest Mortgage, Inc.	Traverse City	MI
Miller, Gordon H.	Rochester Hills	MI
MLA, Inc.	Southfield	MI
MLSG, Inc.	Reno	NV
MMS Mortgage Services, Ltd. / dba Member Mortgage Services, Ltd.	Southfield	MI
Morcap, Inc.	Atlanta	GA
Mortgage Authority, Inc. (The)	Farmington Hills	MI
Mortgage Corporation of America	Southfield	MI
Mortgage Investors Corporation	St. Petersburg	FL
Mortgage Now, Inc.	Southfield	MI
Mortgage Portfolio Services, Inc.	Dallas	TX
Mountain States Mortgage Centers, Inc.	Sandy	UT
MVB Mortgage Corporation	Quincy	OH
National City Mortgage Co.	Miamisburg	OH
Nationsbanc Mortgage Corporation	Charlotte	NC
New America Financial, Inc.	Houston	TX
New Jersey Mortgage and Investment Corp.	Roseland	NJ
NF Investments, Inc.	Atlanta	GA
North American Mortgage Company	Santa Rosa	CA
Northern Ohio Investment Company (The)	Sylvania	OH
Norwest Mortgage, Inc.	Des Moines	IA
NVR Mortgage Finance, Inc.	Pittsburgh	PA
Oceanmark Financial Corporation	Hollywood	FL
One Stop Mortgage, Inc.	Costa Mesa	CA
Option One Mortgage Corporation / dba H & R Block Home Loans	Santa Ana	CA

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
PHH Mortgage Services Corporation	Mount Laurel	NJ
Plymouth Capital Company, Inc.	Plymouth	MN
PNC Mortgage Corp. of America	Vernon Hills	IL
Presidential Home Finance	Wayne	PA
Preview Properties, Inc. / dba Prudential Preview Properties (The)	Brighton	MI
Principal Residential Mortgage, Inc.	Des Moines	IA
Providian Capital Management Real Estate Services, Inc.	Louisville	KY
Pulte Mortgage Corporation	Greenwood Village	CO
Ralph R. Roberts Real Estate Inc.	Warren	MI
Reliastar Mortgage Corporation	West Des Moines	IA
Relocation Financial Services, Inc.	Norwell	MA
Residential Mortgage Corp.	Fayetteville	NC
Resource Bancshares Mortgage Group, Inc.	Columbia	SC
Robert Garrow & Associates, Inc. / dba Robert Garrow and Associates	Davison	MI
Rock Financial Corporation / dba Boulder Financial	Bingham Farms	MI
Ron Simpson & Associates, Inc. / dba Rockwell Mortgage Co.	Lathrup Village	MI
Ross Mortgage Corporation	Oak Park	MI
Ross, Loretta	Highland	MI
Ryland Mortgage Company	Columbia	MD
Seasons Mortgage Group, Inc.	Richmond	VA
Sebring Capital Corporation	Dallas	TX
Security Savings Mortgage Corporation / dba The Mortgage Service Center	Canton	OH
Senior Income Reverse Mortgage Corporation	Chicago	IL
Shaw, Raymond / dba Viking Financial Services	Southfield	MI
Shelter Mortgage Company, L.L.C.	Brown Deer	WI
Signet Mortgage Corporation	Richmond	VA
Source One Mortgage Services Corporation	Farmington Hills	MI
Southern Pacific Funding Corporation	Lake Oswego	OR
St. James Servicing Corporation	Bloomfield Hills	MI
Summit Home Mortgage, Inc.	Minnetonka	MN
Swadling Realty Co.	Burton	MI
TCFG, Inc.	Colorado Springs	CO
Team One Home Mortgage, Inc.	Kentwood	MI
Temple-Inland Mortgage Corporation	Austin	TX
Towne Mortgage Company / dba Manor Mortgage Company dba Americu Mortgage Company / dba Miracle Mortgage Company	Sterling Heights	MI
Transworld Mortgage Corporation / dba Equivantage	Houston	TX
Traverse Mortgage Corporation	Traverse City	MI

FIRST MORTGAGE REGISTRANTS (CONTINUED)

Registrant	City	State
Treo Funding, Inc.	Lake Oswego	OR
UFG Mortgage Corporation	Milwaukee	WI
United Companies Lending Corporation / dba UC Lending	Baton Rouge	LA
United Financial Mortgage Corp. of Michigan	Oak Brook	IL
United National Mortgage Corporation	Fairfax	VA
Unity Mortgage Corp. / dba Reverse Mortgage Company (The)	Atlanta	GA
Universal American Mortgage Company	Miami	FL
Universal Mortgage Corporation	Southfield	MI
Van Dyk Mortgage Corporation / dba Paramount Funding Company dba Northern Mortgage Corporation	Grand Rapids	MI
Van Reken, Stanley R.	Madison Heights	MI
Vanderbilt Mortgage and Finance, Inc.	Louisville	TN
Washington Mortgage Services Inc. / dba Home Mortgage, USA	Federal Way	WA
Washtenaw Mortgage Company	Ann Arbor	MI
Wendover Funding, Inc.	Greensboro	NC
West Penn Financial Service Center, Inc.	Pittsburgh	PA
Westamerica Mortgage Company	Oakbrook Terrace	IL
Williams, Clarence Barrymore	Farmington Hills	MI
Wiseman, William Lee / dba Lanco Realty	Kentwood	MI
WMC Mortgage Corp.	Woodland Hills	CA
Wood, Paul Scott	Farmington Hills	MI
World Mortgage Company	Oakland	CA

OFFICE OF POLICY AND LEGISLATION



Peggy L. Bryson
Director

DJ Culkar
Administrative Law Specialist

Russell E. LaCoursier
Economic Specialist

Debra A. Tunks
Executive Secretary

The Office of Policy and Legislation results from a mid-1997 amalgamation of the responsibilities of the Research and Consumer Services Division and the policy support activities of the former Office of Policy. The amalgamation occurred following the retirement of Murray Brown, longtime Deputy Commissioner in charge of the Office of Policy and Consumer Affairs.

The new unit is responsible for a variety of functions. The office is charged with providing research, information, and recommendations on financial services issues, legislative support, and other services to assist regulatory divisions and agency executives in setting policy and supervising financial institutions. The office coordinates the agency's consumer complaint handling, promulgates rules, analyzes legislation, drafts proposed legislation to address perceived needs, and compiles and disseminates information on current issues facing regulated institutions, consumers of financial services, and financial regulators. It also enforces the Mortgage Anti-Redlining Act (1977 Public Act No. 135).

Providing support for the Bureau's extensive legislative program consumed much of the unit's attention again in 1997. Unit staff continued to coordinate development of a draft proposal to modernize the banking code. It also coordinated the effort that produced a modernization of the Secondary Mortgage Act (1997 Public Act No. 91 - See Significant Developments, State Legislation, page 12). The unit, in consultation with the Department of Treasury and the Michigan Bankers Association, developed legislation to remove from various acts the barriers to public funds being deposited in bank branches whose main offices are not in Michigan. The legislation also amended the banking code to permit state-chartered banks to pledge assets to secure local government deposits of public funds (See Significant Developments, State Legislation, page 12).

In 1997, the Bureau approved two applications under section 4 of 1977 Public Act No. 135. The first approved an expansion of a bank's previously approved home improvement loan program to lower income areas of Saginaw, Grand Rapids, and Lansing. The program offers more flexible underwriting, expanded debt-to-income ratios, some loan-to-value exceptions, shorter employment requirements, and a waiver of loan processing fees. The Bureau approved an application to expand a previously approved mortgage loan program to the cities of Ecorse, Inkster, River Rouge, Romulus, Ypsilanti, and Ypsilanti Township. The program features expanded debt-to-income ratios, more flexible underwriting, and reduced points and fees on mortgage loans up to \$50,000, making the product easier to qualify for and more affordable for low- and moderate-income persons.

The unit monitors trends in consumer complaints regarding financial institutions and represents the agency on the Senior Exploitation Quick Response Task Force and a multi-agency consumer assistance network.

*This report is published pursuant to Section 20 of the Banking Code of 1969 (1969 Public Act No. 319, as amended).
Sec. 20. For each calendar year the commissioner shall compile and publish an annual report in such form and containing such
information as the commissioner may determine necessary to reasonably summarize the operations of the bureau during such year.*

3,000 annual reports were printed at a total cost of \$10,450 and a unit cost of \$3.48.

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